Maryland
DEPARTMENT OF HOUSING
AND COMMUNITY DEVELOPMENT

State of Maryland
Annual Action Plan
Federal Fiscal Year 2023
State Fiscal Year 2024

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Executive Summary

AP-05 Executive Summary - 24 CFR 91.200(c), 91.220(b)

1. Introduction

Commissioned in 2020, the State of Maryland conducted a housing needs assessment (HNA) to review housing needs in Maryland and its jurisdictions through 2030. Findings outline a vision and guiding principles that may be used to coordinate housing decisions statewide in allocating federal funds for Community Development Block Grants (CDBG), Emergency Shelter Grants (ESG), HOME Investment Partnership (HOME), Housing Trust Fund and Housing Opportunities for People with AIDS funds (HOPWA). These awards are expected to leverage private funds to help attain some of the housing goals laid out in the States SFY 2024 Annual Action Plan (FFY2023 - federal plan year). FY2023 and FY2024 may be used interchangeably throughout the plan. As a planning tool, HUD's three basic goals are:

Goal 1. To provide decent housing

Goal 2. To provide a suitable living environment, and

Goal 3. To expand economic opportunities

Goal 1 includes: Assisting homeless persons to obtain housing, retaining the affordable housing stock, increasing the availability of permanent housing that is affordable to low-income Americans without discrimination, improving access to housing credit, and increasing supportive housing that includes structural features and services to enable persons with special needs to live in dignity.

Goal 2 includes: Improving the safety and livability of neighborhoods, increasing access to quality facilities and services, reducing the isolation of income groups within areas by de-concentrating housing opportunities and revitalizing deteriorating neighborhoods, restoring, enhancing and preserving natural and physical features of special value for historic, architectural, or aesthetic reasons, and conserving energy resources.

Goal 3 includes: Creating jobs accessible to low-income persons, providing access to credit for community development that promotes long-term economic and social viability, and empowering low-income persons to achieve self-sufficiency in federally-assisted and public housing.

Efforts to achieve each of these goals must primarily benefit low-income persons. The Annual Action Plan must be developed in accordance with the following statutory goals: Elimination of slums and blight, elimination of conditions that are detrimental to health, safety and public welfare, conservation and expansion of the nation's housing stock, expansion and improvement of the quantity and quality of community services, better utilization of land and other natural resources, reduction of the isolation of income groups within communities and geographic areas, restoration and preservation of properties of special value, alleviation of physical and economic distress, and conservation of the nation's scarce energy resources.

It should be noted that the State's Annual Action Plan primarily focuses on the State's **non entitlement** jurisdictions, with the exception of the National Housing Trust Fund (HTF). The non-entitlement jurisdictions are areas, primarily rural, which do not receive direct allocations of Community Development Block Grant (CDBG), HOME Investment Partnerships

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Program (HOME), Emergency Shelter Grants (ESG) and Housing Opportunities for Persons With AIDS (HOPWA) funds directly from HUD. Rather, the State administers these funds on their behalf. The State's entitlement jurisdictions which are NOT covered by the State's Plan – because they receive direct funding from HUD - are Anne Arundel, Baltimore, Harford, Howard, Montgomery and Prince George's Counties, and the Cities of Annapolis, Baltimore, Bowie, Cumberland, Frederick, Gaithersburg, Hagerstown and Salisbury. All other areas in the State fall under the State's Annual Action Plan.

2. Summarize the objectives and outcomes identified in the Plan

This could be a restatement of items or a table listed elsewhere in the plan or a reference to another location. It may also contain any essential items from the housing and homeless needs assessment, the housing market analysis or the strategic plan.

In developing its FY2024 annual action plan, the State would continue to focus on four main areas:

1. Increasing Affordable Rental Housing (with an emphasis on rental housing for low and extremely low-income households, special needs population including persons with physical and mental disabilities as well as those living with HIV/AIDs) – outcomes will be based on the number of units produced as well as leveraging to provide additional housing resources to provide services.

2. Promoting homeownership for first time homebuyers (including families with student debt and veterans) – outcomes will be measured by units as well as new homebuyers in designated Sustainable Communities.

3. Community Revitalization (with an emphasis on small business expansion and lending) – outcomes will include economic impact on neighborhoods assisted, number of new small businesses assisted/created.

4. Reducing homelessness, with a strong emphasis on supportive housing for vulnerable populations, including the chronically homeless, youth, and veterans and those living with HIV/AIDs – outcomes will include reduced homelessness counts and services provided to those living with HIV/AIDs.

3. Evaluation of past performance

This is an evaluation of past performance that helped lead the grantee to choose its goals or projects.

DHCD was generally very successful in carrying out the goals identified in its last Plan. The State's goals in that plan were to provide affordable housing, promote homeownership, revitalize communities and reduce homelessness. DHCD met its goals for both rental assistance and providing housing under the "Special Needs" programs. It also met its goals for producing units of affordable rental housing. The Department continues to be an industry leader for homeownership in the state and has exceeded its goals regularly. Since the Consolidated plan year began in 2020, DHCD has delivered more than 11,660 units of new and rehab units and helped over 13,100 first-time homebuyers secure mortgages.

In terms of community revitalization efforts, DHCD continues to be successful in this area. Notable achievements include Project C.O.R.E. and the continuum of work in Sustainable Communities with the legislation that was previously passed. Assistance provided by the National Capital Strategic Economic Development Fund Program and Project Restore are boosting infrastructure and community improvement work statewide.

In addition, the Department's speedy disbursements of several rounds of CARES funding to respond to the pandemic has been able to quickly pivot and adapt to utilize the funding to meet the needs of the citizens of the state during these difficult times. For instance, working collaboratively with county governments and nonprofits statewide, funding for the Emergency Rental Assistance Program (ERAP) received close to $755 million under ERAP1 and ERAP directly helping more than 200,000 residents avoid housing displacement. The department also successfully transferred the State's Continuum of Care for homeless needs to the department and continues to work with its partners to address homelessness in the state.

4. Summary of Citizen Participation Process and Consultation Process

Summary from citizen participation section of plan.

DHCD's citizen participation process in SFY2024 allowed the public to provide comments on our pre-plan and post-plan hearings. The participation process was carried out through a combination of different efforts. This included electronic invitations sent out by DHCD's Office of Public Information, placing newspaper advertisements regarding the development of the Plan. Feedback from hearings and survey results are summarized below:

Annual Action Plan Pre-Draft Hearings

Hearing 1 of 6 Location: Towson, Maryland

Date: February 8, 2023, Time: 11:00 AM

Attendees: 8 (Sign-in attached) Alvin Lawson, Dale Quisgard, Justin Fair, Suzanne Korff, James Parker Tasha Gresham-James, Sharon Strimple, Kate Joyce

1. Welcome & Introductions
2. Program Presentations
3. Comments, Questions & Open Forum

Key topics:

- Workforce Housing
- Renter Education & Outreach
- Late Vendor Payments
- Universal Income Payments
- Developer Incentives
- Landlord & Homeowner Education
- Services for Veterans
- Resources for the Disabled

Citizen Highlights:

Tasha Gresham James - Executive Director, Dundalk Renaissance

There is a significant need for workforce housing and affordable housing of any kind. She represents renters and potential homebuyers in Southeast Baltimore City and the Dundalk, Essex and Middle River areas of Baltimore County rental subsidies are increasingly being denied. Landlords are taking advantage of the market and are avoiding working with programs unless they have no other options. Many of her residents are impacted by the Amazon layoffs and now need several lower paying jobs to pay the rent. Some of her households spend more than 80% of their income on housing costs. A Universal Income of some sort could help working families reduce the number of hours they are working at multiple jobs. There is an immediate need for multifamily housing. There needs to be capacity building for local investment. Community based businesses/small businesses loans and assistance. Additional tax credits to developers of affordable housing. Increase community outreach.

Kate Joyce - Executive Director, Talmar

Older Adults and Adult disabled need more resources. She works with disabled veterans who suffer from physical or mental illness. She operates a therapeutic farm that is both practical work experience and transitional housing for her clients. She is at maximum capacity and cannot serve more because of funding. She gets CBDG funding but states that her payments can be delayed at each government level and she can be as far as 7 months behind in being paid. It is hard to operate a business, with no cash flow for that extended period. She applies for funds in December and hopes to get them by July. She thinks the delays are at both the federal and state levels. She could benefit from training and technical assistance in applying the funds. The application and funding processes need to be reconsidered.

Sharon Strimple - Behavioral Health Administration

Ms. Strimple serves individuals transitioning to Permanent Supportive Housing. They are often stigmatized and cannot access housing. There is seldom any opportunity for them to consider home ownership, though it may provide more stability for residents. Workforce housing is an issue, as adult daughter and son in law both work full time jobs, but at $15 - $20 and hour is not enough to afford housing in Baltimore County. They are semi homeless, though they both work and have no children. They are currently renting a room which is more expensive but their only option due to credit history. Agencies they work with are understaffed even if willing to help.

Late Vendor Payments – Several service providers noted the administrative delays at the state and federal levels that could cause their businesses to fail and the residents in need to be ignored. When many businesses need to pay bills within 60-90 days after invoice, grantees are finding that it is taking 6 to 9 months to receive funds, even after they have completed their portion of the process.

Services for Veterans – Both housing and supportive services are needed for this population and their families. There is a significant mental health and homelessness issue among vets and connecting them with the multiple services they often need in concert can be difficult. To receive one service without the others will guarantee that the veteran will remain in crisis and cost more to taxpayers to engage.

Universal Income Payments – Many residents work full-time but still cannot afford the cost of rent/mortgage. A universal income payment could bridge the gap between income and expenses that many households struggle with. These funds usually result from a budget surplus, and thus it is not clear how this project could be funded in the state. An Amazon worker, even at $20.00/hour cannot afford the median rents in his/her community.

Hearing 2 of 6 Location: Cumberland, Maryland

Date: February 9, 2023, Time: 11:00 AM

Attendees: 3 (Sign-in attached) Bonnie Zembower, Beth Thomas Tanner, James Parker

1. Welcome & Introductions

2. Program Presentations

3. Comments, Questions & Open Forum

Key topics:

- Workforce Housing
- Rural Programs
- Rural Blight
- Living Wage
- Homeowner & Rehabilitation Financing
- Older Adult Housing
- ADA Housing

Citizen Highlights:

Bonnie Zembower - Allegany County Government

There is a significant need for senior housing. Paying market rate rent at 68 years of age and cannot afford to retire. A fixed pension would be considerably lower than her current salary. Rent has gone up every year since 2007. Would like to buy a condo or own a small home but thinks she would die before she finished paying the mortgage. She fears new development, because it may increase her rent even more to compete.

Beth Thomas Tanner - Allegany County Government

Older Adults and Adult disabled need more resources. Especially those engaged with mental health services. Families with special needs cannot get the amenities they need, and not many landlords go out of their way to

modify units. Perhaps additional communication such as social media may help. Need higher paying jobs to come to town. Invest in multifamily and multi-generational housing. Grandparents are taking care of great grands, and Adults are taking care of both minor children and aging parents.

Workforce Housing – Towson, Cumberland and Easton all have varied workforce needs. While the Baltimore Metro areas has higher paying jobs, a tremendous disparity exists between white collar workers and unskilled labor. Cumberland's major employers are the Western Maryland Health System and Allegany College. Easton has many seasonal and transient workers that depend on hospitality, tourism and the service industries.

Older Adult Housing Needs – Statewide, seniors need quality housing that meets the specific needs of their household. There are many multigenerational households with an elder in residence, and many older adults are caregivers for minor grandchildren in the absence of the parents. It is difficult to age in place when your housing has no amenities or safety features. Senior homeowners fear development because new projects can change their assessments and rates of taxes they pay. Any increases in rent or mortgage can seriously impact those on a fixed income.

Housing & Services for the Disabled – Adult disabled residents, their caregivers and families are in critical need of housing that meets the household need. Statewide, residents are requesting accessible and affordable units, as well as access to amenities that will enhance their quality of life such as medical facilities and shopping. In some regions, transportation and logistics of their housing can impact the comfort of their lifestyle.

Developer Incentives – Many jurisdictions want their housing agencies to incentivize participation in existing programs. Many developers are choosing to engage only market rate residents and the affordable community gets left out of many new developments. There are very few mixed communities in the pipeline compared to new single-family homes and Cooperative communities. Streamlining programs to make them easier to access both by residents and by property-owners is vital.

Rural Blight – Many Western Maryland residents remarked on the blight they see in their communities. Homes in disrepair and no access to funds for redevelopment trap many residents in communities they cannot escape. Residents resort to living in abandoned units, vehicles, trailers or out in the open, as they see no solutions to their housing crisis. Many families with housing are doubling up to spare expense.

Hearing 3 of 6 Location: Owings, Maryland

Date: February 10, 2023, Time: 12:00 PM

Attendees: 5 (Sign-in attached) Alvin Lawson, Kecia Campbell, Dale Quisgard, James Parker, Wayne Millette

1. Welcome & Introductions

2. Program Presentations

3. Comments, Questions & Open Forum

Key topics:

- CoCs Continuum of Care
- Rural Homelessness
- Homeless Students
- Public Engagement

Citizen Highlights:

Wayne Millette - Behavioral Health Administration

Mr. Millette works with statewide agencies to service the mental health needs of Marylanders. He serves families and individuals throughout the state. Part of Continuum of Care for 299 families, could serve more as there are countless homeless families living in the woods. Major employers in Calvert would be at the Naval Base or at the Power Plant and they require education and skills that many residents did not have. He is disappointed the Calvert County Housing officials are not more engaged and do not attend events like this proceeding. He sees more engagement in St. Mary's and Charles counties. Calvert has horrible public transportation, so people cannot get to jobs if they existed. Peer Support Specialists at the point of service for homeless households help them to get connected to more services. Need more resources in schools to help homeless youth. There are jobs in Anne Arundel County, but residents cannot get to them as well.

Lack of Local Engagement – Particularly in Southern Maryland, local agencies should show more commitment to the needs of residents and engage more opportunities to hear the needs of the populace. Only one agency participated, when the Southern Maryland Local Homelessness Coalition was notified of the proceedings. Engagement at the local level is most important, and their lack of engagement will negatively impact residents of Maryland.

Hearing 4 of 6 Location: Easton, Maryland

Date: February 13, 2023, Time: 11:00 AM

Attendees: 8 (Sign-in attached) Christine Johnson, James Parker, Donna, Davida Washington, Diana Purnell, Mike Clark, Kelly Huber, Don Richardson

1. Welcome & Introductions
2. Program Presentations
3. Comments, Questions & Open Forum

Key topics:

- Older Adult Programs

- Rehabilitation and Homeowner Services
- Lead Paint Liabilities
- Workforce Housing
- HAF program delays in payment
- Emergency Rental Assistance Program (ERAP)
- Seasonal Incomes Issues

Citizen Highlights:

Davida Washington

Worcester County Rehabilitation Program

The service providers at the County level are experiencing supply chain issues and often cannot serve residents in timely manner, especially regarding programs for older adults. The existing housing stock is old, and many properties need to be treated for lead paint removal. If HOME program cannot cover rehab, can CDBG funds be used? Many homes were built prior to 1974 and our residents have been at risk of exposure.

Diana Purnell - President. Worcester County Commissioners

Older Adult housing in crisis as rents are increasing and seniors have fixed incomes. New development is hurting existing residents due to rising tax rates. Many older adults are losing homes to taxes and liens. It opens them up to predatory lending programs and scams. Older adults are more likely to be victims of contractor fraud. COVID-19 issues still impacting community, and many residents struggle with accessing mainstream financing due to credit issues. There is a need for multigenerational housing as many families cannot afford to live independently. Many older adults are losing their property to speculators and not able to access the equity they already have.

Mike Clark - Local Management Board, Queen Anne's County Housing

Need more CDBG funds to renovate existing units in disrepair. Provide incentives to landlords to participate in programs, especially those supporting rapid rehousing. Most of the region's employment is either seasonal or in the service and hospitality areas in Ocean City. Often these jobs alone do not provide enough income to pay rent and other bills. There is shortage of well-paying jobs and intense competition for seasonal jobs from immigrants. Would like CDBG funds for Technical Assistance, Education of consumers and raise the ESG percentage to Homelessness Prevention/Rapid Rehousing.

Kelly Huber - Housing Program Administrator, Queen Anne's County

Need to be able to stack he programs as many of our residents could qualify for several programs. Citizens in crisis don't know all that is available to them. Single older adults can get housing, but if they have any

additional family members such as an adult child or minor grandchild, their income or lack of income can complicate an older adult's eligibility. We should not punish caregivers for aiding their aging parents. Housing for small families is in need as much as housing for singles.

Don Richardson

Town of Easton

There is a significant need for workforce housing. Hospital workers, first responders, teachers etc., cannot afford to live in the communities where they work. There are many transient workers impacting services in region. These households need furnished units and move-in ready housing. Service providers are experiencing staff shortages that impact the speed and efficiency of service delivery. There are state level delays in the delivery of funding. Re-explore the Tax Credit system. Many developers who have expiring credits are now selling off the properties to new developers. The new developers have no incentive to market their properties to workforce or affordable housing needs. New developments are 100% market rate.

Seasonal Income Issues – Especially on the Eastern Shore, seasonal jobs in hospitality, tourism, agriculture and food processing are the major areas of employment. There is unfortunately competition for employment from immigrants, non-residents and even in-season employment is limited to unskilled, and entry level positions. In the off season, the transients leave, and the locals are left with few options for income.

Living Wage – There are few circumstances statewide where residents can pay housing costs on a minimum wage job without assistance. Even for unskilled and entry level workers, a raise in pay is needed to keep up with inflation and the increased supply chain costs caused by the pandemic and recession.

Continuum of Care – a deeper engagement by the CoCs is needed to truly impact homelessness across the state. Service providers need to work together to meet the needs of their shared clients. Coordinating services for the head of household and impacted family members is essential. Non-Profits need to have a better working relationship with the local and state agencies that serve the same populations.

Lead Paint Liabilities – Lead paint abatement remains an issue throughout the state but particularly in areas with older housing stock like Baltimore City or the Eastern Shore. Many of these homes are built before 1974 and are often in violation of health and safety standards. This would also disqualify the owners form converting these properties into affordable units and help meet the housing needs of Marylanders. Lead exposure can lead to a variety of health-related complications and negatively impact the lives of the poorest Marylanders.

Rehabilitation & Homeowner Services – The Eastern Shore has a large housing stock built before 1974 and many units are contaminated with lead paint and adding to the diminished health outcomes for residents of the region. Increased rates of Asthma, and other medical conditions caused or exacerbated by the condition of housing. In the Baltimore region, many existing homeowners are finding it difficult to navigate systems and secure financing for the maintenance of their properties. The bleak environment is more difficult without community amenities, such as banking and shopping. Many are falling prey to hard money loans and other

usurious financial products. A Baltimore City resident noted, "It is hard to get a loan in 21213, when we don't have a single bank in the zip code."

Homelessness Solutions – Statewide, residents are advocating for more services to prevent homelessness and help households' transition to housing stability. Every region in the state is combating some form of homelessness. From veterans, to the formerly institutionalized, to school aged children with no place to stay, yet they still must go to work and school daily. The quality of life suffers without basic amenities and safeguards. There are young scholars living in the woods outside their schools near their former housing that are endangered by the elements, wildlife and a basic lack of necessities.

Hearing 5 of 6 Location: Lanham, Maryland

Date: February 14, 2023, Time: 11:00 AM

Attendees: 9 (Sign-in attached) Candare Goodman, Alvin Lawson, Cindy Stone, Priya, Arokiaswamy, James Parker, Bernice Mensah, Tara Bacote, Emily Button

1. Welcome & Introductions
2. Program Presentations
3. Comments, Questions & Open Forum

Key topics:

- Developer Incentives
- Capacity Building
- Veteran Housing
- Housing for the Disabled

Citizen Highlights:

Candare Goodman - Developer, the Morgan Tyler Group

Looking to provide affordable housing for veteran led and disabled households throughout Maryland. I work in partnership with an existing developer but am looking to build my own entity's capacity and eventually become an independent developer. There is a new program called the Emergency Developers fund that can award up to $500K. She is looking for Capital dollars to start her project. Looking for property for multifamily and varied income levels. "Currently working with an established developer but want to go on my own." 2Gen Hosing is needed. Kids are raising children and caregivers for elders. Developers are increasing avoiding utilizing any state programs and choosing to deal with market rate tenants only. It is an indirect discrimination that renters cannot prove. Many developers utilize tax credits but look to move to market rate properties at the first opportunity.

Emily Button - DHCD – Homelessness Solutions Program

Prince George's County regulations discourage multi-generational units. A property owner would have to jump through zoning hoops to add to their existing property. Working people cannot afford market rate rents and don't qualify for mortgage programs. Homeowners are losing properties for taxes, especially when new developments increase the rates they pay. Many residents therefore don't want to see new development. Older adult programs are need and a variety of them. Some older adults raise grandchildren or live with adult caregivers. Many cannot be alone but cannot afford institutional care. There is a need for more PSH and transitional housing.

Priya Arokiaswamy - Director of Housing & Recovery Support, Behavioral health Administration

Housing for the homeless remains a critical issue. Many recipients of services cannot fully escape homelessness, because of other unaddressed barriers. Clients are suffering from a financial co-morbidity. Accessing customer to the additional services they need is essential for them to succeed their primary program. Line staff should be able to refer clients to additional resources when possible. Individual programs often ignore other symptoms or effects of homelessness. Also, a need for workforce housing especially as clients transition from institutional life to independent living. Rents are so high and there are financial barriers to accessing housing such a credit and down payment expense. Our clients need to be served before the crisis (or crisis) becomes critical. Often clients need an eviction notice before anyone can help. This puts the resident further in debt, accruing additional fees and increases the possibilities that they may lose their housing and possessions.

Capacity Building – Technical Assistance and helping new organizations develop is important to impacting homelessness issues. Helping small service providers build capacity will allow them to fill niches in the existing market for resident services. Teaching service providers how to survive while they deliver programming is key to their continued existence.

Emergency Rental Assistance Programs – More attention and funding need to be paid to ERAP programs that help families avoid homelessness. With rising rents and even higher utility costs, many renters are finding it difficult to retain housing without aid.

Hearing 6 of 6 Location: Virtual (Google Meet)

Date: February 15, 2023, Time: 6:00 PM

Attendees: 18 (Sign-in attached) Aaron Davis, Bernice Mensah, Cindy Stone, Danielle Meister, Ari Ben-Abram, Shelly Zullinger, Tasha Gresham-James, Elizabeth Meadows, Chelsea Hayman, Cara Montague, Zhiyu Han, Albert Gainer , Alvin Lawson, Caller #1, Caller #2, Caller #3

1. Welcome & Introductions

2. Program Presentations

3. Comments, Questions & Open Forum

Key topics:

- Rehabilitation Funding for Current Homeowners in Baltimore City
- Housing for the Disabled I Montgomery County
- Howard County Homelessness Services

Citizen Highlights:

Zhiyu Han - Montgomery County Resident

Ms. Han is a Germantown resident in Montgomery County with a disabled son under her care. He has Autism and she is the primary caregiver as well as working a full-time job. She currently is behind on her rent in a 1 bedroom, 1 Bathroom apartment that she shares with her special needs son. She would like to move into a 2-bedroom unit to better meet her household's needs, but she can barely pay the $1600.00 that is due now. Ms. Han is an immigrant and her first language is not English which can complicate her ability to get services. She would like to get resources that could help her, and her son live in stability. Resident has been referred to Maryland department of Disabilities to get further assistance for her household.

Ari Ben-Abram - Baltimore City Resident

Mr. Ben-Abram is a Baltimore City homeowner. He has a family home that he grew up in that is in East Baltimore, and although he owns the property without mortgage or lien, he is not able to access financing from the conventional market. He has gone to his bank for a home equity loan, and the banks have red-lined his community. To further compound his issues, he has credit card and student loan debt that makes it impossible for him to get a loan, even with the house as collateral. His parents have passed, and the house needs work. He cannot tap into any of the equity to make essential repairs. He makes a decent salary, but still cannot afford to finance his home rehab out of his pocket. The only programs he hears about in the city are weatherization programs and those tend to be for older adults. At 52 years old, he has several years before he would qualify for those programs and he may lose his family home in that time. There has been no shortage of speculators that cold call him all the time, making lowball offers for his home which further frustrates him. "How is it that I own something that has value to everyone else but me?" He has been offered as low as $20,000.00 for his home when it is worth several times that. Compounding this, he sees his former neighbors dying or moving away not to be replaced by new homeowners. The houses sit vacant and decrease his value. Appraisers have undervalued his home citing no comparable units in the neighborhood, so the resident is finding it near impossible to secure any financing except a hard money loan, which is not desired. "Okay, my name is Ari. I'm a homeowner in Baltimore and I'm having a problem. I heard all the programs that you all have. So, I just wanted to throw it out there since you are all on the phone. Maybe something that can help me. I, you know, I make a moderate income. I don't qualify for anything and I mean I make money, I have some student loans, a couple credit cards and I feel stuck. I don't know if any of these programs, if there any

grants or programs a loan programs, for somebody like me that is working hard off that steady work history but my credit is not so good."

Albert Gainer - Howard County Resident

Housing for the homeless remains a critical issue. Resident lives in Howard but is unfamiliar with the programs and how to access them in his jurisdiction. He is interested in both ESG and CDBG funds as a recipient. He is struggling to match the increases in his rent and there are no avenues to home ownership for his family. He was not aware that his jurisdiction has their own agency and was happy to be referred to his county offices for housing. ". I reached out to one of the agencies and I don't know, I got an email back and I don't know how to move forward. I was asking for an application. So, I wanted to just kind of like find out from you. What is this step by step process to getting an application and starting the process to receive assistance from either one of those programs?"

Renter Education – Statewide, residents are concerned that they are not knowledgeable enough to navigate applications and providers. They often qualify for several programs but are not properly "triaged" to get services that meet all of their needs.

Landlord & Homeowner Education – Many private landlords and property owners are not aware of opportunities for funds to maintain housing. They assume the process is difficult or that they may not qualify for services. They also are wary of renting residents in a "program" as they may neglect the property and cause a financial hardship on the owner.

Upon completion of the regional pre-draft hearings, the following are notes and indicators of topics the attending housing stakeholders valued most:

- Workforce Housing (Towson, Cumberland, Easton)
- Rehabilitation & Homeowner Services (Easton, Towson, Virtual)
- Late Payments to Vendors and Program recipients (Towson, Easton)
- Older Adult Housing (Cumberland, Easton)
- Housing for the Disabled (Towson, Cumberland, Lanham, Virtual)
- Services for Veterans (Towson, Lanham)
- Developer Incentives (Towson, Lanham)
- Homelessness Solutions (Virtual, Owings)
- Rural Blight (Cumberland)
- Renter Education (Towson)
- Landlord & Homeowner Education (Towson)
- Universal Income Payments (Towson)
- Living Wage (Towson)
- Continuum of Care (Owings)
- Lack of local engagement (Owings)
- Lead Paint Liabilities (Easton)
- Emergency Rental Assistance Program (Easton)

- Seasonal Income Issues (Easton)
- Capacity Building (Lanham)

Hearings – scheduled throughout the state between February 8-15, 2023

Although the meetings were intimate, the smaller numbers allowed citizens and stakeholders to better articulate their issues and how state programs are impacting them. The quality of the conversations in some ways makes up for the number of comments and participants. The state presentation easily transformed into a conversation about housing and infrastructure. We found out what works, who works and what systems need process improvements. As we are all state citizens, the commentary is not just limited to visitors, but having experienced DHCD team members onsite help to route citizens to existing programs that may have previously eluded our attendees. The mix of housing professionals and lay persons gave all parties the ability to learn about other perspectives in delivering and receiving housing services. While local agencies were represented, fewer of their stakeholders made it to the proceedings. The largest turnout was the virtual event, with the average attendance at rough 6 attendees per session. The session averaged 1 citizen per session, with an even distribution of comments from entitlement and non-entitlement areas. The virtual hearing had the targets attendance, while Cumberland had just 2 attendees. DHCD may need to revisit our strategies to advertise these hearings. Developing relationships with the local administrators may by a good companion effort to traditional advertisements as they can direct word of these events to their network of stakeholders.

Hearing Attendees (32) – 6 citizens, 1 developer, 10 DHCD staff, 2 MDH staff, 10 local administrators & 3 service providers

First	Last	Jurisdiction	Capacity
Ari	Ben-Abram	Baltimore City	Citizen
Bonnie	Dembower	Allegany	Citizen
Albert	Gainer	Howard	Citizen
Zhiyu	Han	Montgomery	Citizen
Diana	Purnell	Worcester	Citizen
Beth	Thomas Tanner	Allegany	Citizen
Cardare	Goodman	Montgomery	Developer
Tara	Bacote	DHCD	DHCD
Bernice	Mensah	DHCD	DHCD
Priya	Arokiaswamy	Montgomery	Local Administrator
Mike	Clark	Queen Anne's	Local Administrator
Chelsea	Hayman	Baltimore City	Local Administrator
Kelly	Huber	Queen Anne's	Local Administrator
Elizabeth	Meadows	Howard	Local Administrator
Wayne	Millette	Calvert	Local Administrator
Cara	Montague	Baltimore County	Local Administrator
Don	Richardson	Talbot	Local Administrator
Davida	Washington	Worcester	Local Administrator
Shelly	Zullinger	Washington	Local Administrator
Emily	Button	DHCD	Presenter
Kecia	Campbell	DHCD	Presenter
Aaron	Davis	MDH	Presenter
Justin	Fair	DHCD	Presenter
Christine	Johnson	MDH	Presenter
Suzanne	Korff	DHCD	Presenter
Alvin	Lawson	DHCD	Presenter
Danielle	Meister	DHCD	Presenter
Dale	Quisgard	DHCD	Presenter
Cindy	Stone	DHCD	Presenter
Latasha	Gresham-James	Baltimore County	Vendor
Kate	Joyce	Baltimore County	Vendor
Sharon	Strimple	Baltimore County	Vendor

SFY2024 Annual Action Plan Survey Responses

February – March 2023

Respondents – 10 (8 from the Eastern Shore, and 2 from Baltimore Metro)

Role/Title – 10

Chief of Housing and Family Services
Program Manager

Housing Rehab Specialist
HMIS Administrator

Homeless & Mental Health Coordinator
Grants Manager

Community Development Planner
Chief Program Officer

Senior Resident Service Manger
Project Manager

Agencies Represented – 10

Queen Anne's County Division of Housing
Wicomico Health Department
City of Denton
Somerset County DTCS
Somerset County Health Department
Somerset County Public Schools
Carroll County Government
Wicomico County Government
Lifestyles of Maryland Inc
AHC Greater Baltimore

Jurisdictions –
Queen Anne's County
Wicomico County
Caroline County
Somerset County
Carroll County
Calvert County
Charles County
St. Mary's County
Baltimore City

Previous Annual Action Con Plan Participation –
YES - 4
NO – 6

FY2024 Area of Concern -

Increase Affordable Housing	6
Reduce Homelessness	7
Promote Community Revitalization	4
Promote Homeownership	2

Funding Sources -

DHCD	5
HUD	3
HUD & DHCD	1
McKinney Vento Grant & ARP Grant, Title I	1

Community Development Block Grants	YES – 7	NO - 1
Emergency Solutions Grants	YES - 7	NO -1
Housing Opportunities for Persons With Aids	YES – 1	NO - 3
HOME Investment Partnerships	YES – 1	NO - 3
Housing Trust Fund	YES – 0	NO – 3
Other DHCD Program	YES – 6	NO – 0

Partnerships

Queen Anne Planning & Zoning	QA Local Management Board
Tri-County COC	Habitat Choptank
Private Contractors	Shore-UP
Habitat for Humanity	

We are the CoC lead and we work with almost every homelessness/housing agency on the lower shore
Local Shelters, CHC, Maple Shade, MCF, WrapAround, LMB, MDH, Seton Center, MD school Districts, Beside Still Waters, Life Crisis, Fenix, Local churches, Local Colleges, Mobile Crisis
State, local and private partners through funding and the local homelessness board
CDBG Housing Rehab - Administered by Wicomico County
CDBG Down Payment/Closing Cost program - Administered by Salisbury Neighborhood Housing Services
DSS, DOL, MDH, MDOT
HUD, MDH

Notification –	YES – 8	NO – 0
HB90 –	YES - 6	NO – 1
Further Info on HB90 –	YES – 7	NO - 0

Significant Issues

1. Affordable housing for very low-income residents, Lack of case management services to follow vulnerable populations as they transition into permanent housing destinations from an unstable or homeless situation. Additional funding for eviction prevention to include services to stabilize vulnerable households.
2. Right now, we struggle to find anyone to rent to our population of individuals who qualify for subsidized housing. Places that used to have numerous vacancies now have none and when they do have an opening, they can be highly selective of the occupant. FMR does not match the rent increases that have taken place since COVID restrictions have been lifted in our area, not that FMR ever allowed an individual to find a place in a better location. And landlords are now requiring 3 times the rent in income to even be considered for placement (if those who qualified for HUD had 3 times the rent in income, they wouldn't qualify for HUD) This seems to kind of be a way to not allow HUD vouchers in units without saying we don't take vouchers.
3. Affordable/Workforce Housing
4. Cost of materials exceeding rehab grant amounts. CDBG rehabilitation grant amounts need to be increased.
5. Lack of affordable housing. For those who have lost their housing, shelter space and affordable rapid re-housing opportunities are the major issues.
6. Homelessness, Lack of affordable housing & housing general
7. Rising costs for housing rehabilitation program, major well/septic issues that have significantly impacted our CDBG Housing Rehab Wait list.
8. Affordable Housing is not near amenities. Seniors must leave their communities to bank and shop.

Post-Draft Comments will be provided after the hearings from March 27th through April 3rd. The state will prove a draft document to the public for review during the comment period. Input received will be considered during the development of 2023 Annual Action Plan.

5. Summary of public comments

This could be a brief narrative summary or reference an attached document from the Citizen Participation section of the Con Plan. See 4. Summary of Citizen Participation Process and consultation process for details. Summary from citizen participation section of plan.

6. Summary of comments or views not accepted and the reasons for not accepting them

There were no comments or views that were declined

7. Summary

There were six pre-draft Annual Action Plan hearings, held at venues across the state of Maryland to engage opinions and concerns regarding housing programs and initiatives. The hearing for the Baltimore metropolitan area was held in Towson on February 8, 2023 and was attended by several community members representing grassroots organizations such as Dundalk Renaissance. At this meeting the need for services and aid to veterans was most prominent. Additionally, there is a significant need for workforce and affordable housing options in the region.

The second hearing was held in Cumberland to serve the citizens of western Maryland. At this event, citizens in rural areas show concerns for new development that may price them out of their communities or threaten natural resources. Allowing older adult to age in place was a main concern from this panel.

The third hearing was convened in Owings, Maryland and was attended mainly by the local service providers in the area. Programs for families and services for youth and young adults were memorable. A notable mention to the growing problem of homeless youth and getting them services through the schools was commented.

Easton hosted the Eastern Shore hearing on February 13, 2023. At this meeting both residents and service providers had concerns about the impact of seasonal economies on the residents of the shore. Rural homelessness ins an increasing issue for these communities. Attendees noted a need for services and programs for single elders as well as those with families.

The Lanham headquarters hosted the hearing for the Washington, DC suburbs, where citizens inquired about technical assistance and training for up and coming developers, and how to navigate housing system in the region. A need for capacity building was noted from this meeting. New developers are looking to enter the market to offer housing, but often are unaware of all the state's programs and offerings.

The final hearing was virtual and intended to reach the entire state of Maryland. The issues of note during this call were Home rehabilitation programs, particularly in Baltimore City, Housing resources in Howard County and Services for the adult disabled in Montgomery County. Housing for the homeless remains a critical issue. A resident in Howard is unfamiliar with the programs and how to access them in his

jurisdiction. He is interested in both ESG and CDBG funds as a recipient. He is struggling to match the increases in his rent and there are no avenues to home ownership for his family.

While each region of the state has its own unique questions, the overall them is to help families and the working to maintain affordable housing and transition to homeownership. Additionally, we surveyed service providers and stakeholders for the issues they thought were most important. Providers noted that their agencies lack the staffing to meet the demand of residents requiring aid. Many landlords are refusing to engage with programs and instead housing to deal with only market rate tenants. For contractors and developers, the cost of building materials and supply chain issues impact their ability to stay in their budgets. Shelter resources are being stretched as rent increase at rates higher than wages in many communities. Many older adults lament that services are not near their housing and they must travel to get to amenities, often at additional expense and risk. The major areas of concern are:

Increasing affordable housing

Reducing homelessness

Promote Community Revitalization

PR-05 Lead & Responsible Agencies - 91.300(b)

1. Agency/entity responsible for preparing/administering the Consolidated Plan

The following are the agencies/entities responsible for preparing the Consolidated Plan and those responsible for administration of each grant program and funding source.

Agency Role	Name	Department/Agency
CDBG Administrator	MARYLAND	DHCD
HOPWA Administrator	MARYLAND	MDH
HOME Administrator	MARYLAND	DHCD
ESG Administrator	MARYLAND	DHCD
HTF Administrator	MARYLAND	DHCD

Table 1 – Responsible Agencies

Narrative

The Maryland Department of Housing and Community Development (DHCD) is the lead agency for the Community Development Block Grant (CDBG), HOME Investments Partnership Program (HOME), National Housing Trust Fund (HTF) and Emergency Solutions Grants (ESG) program. The Maryland Department of Health is the lead agency for the Housing Opportunities for Persons With AIDS (HOPWA) program.

Consolidated Plan Public Contact Information

General questions about the Annual Action Plan, Housing Market Analysis or housing related sections should be directed to Bernice Mensah, Director of Research, at the Department of Housing & Community Development, which acts as the lead agency for the State located at 7800 Harkins Road, Lanham, MD 20706, Phone (301) 429-7446 or via email bernice.mensah@maryland.gov or to the Senior Policy Analyst, James Parker, Phone (301) 429-7537 or via email @james.parker1@maryland.gov.

Questions about CDBG or non-housing related sections should be directed to Cindy Stone at the Department of Housing & Community Development's Neighborhood Revitalization Division located at 7800 Harkins Road, Lanham, MD 20706, Phone (301) 429-7519 or via email cindy.stone@maryland.gov

Questions about Emergency Solutions Grant or homelessness related sections should be directed to Danielle Meister at the Department of Housing & Community Development's Neighborhood Revitalization Division located at 7800 Harkins Road, Lanham, MD 20706, Phone (301) 429-7506 or via email danielle.meister@maryland.gov

Questions about the HOME program and related sections should be directed to Dale Quisgard at the Department of Housing & Community Development's Single Family Division located at 7800 Harkins Road, Lanham, MD 20706, Phone (301) 429-7797 or via email dale.quisgard@maryland.gov

Questions about the Housing Trust Fund, LIHTC and Section 811 or related sections should be directed to Gregory Hare at the Department of Housing & Community Development's Multi-Family Division located at 7800 Harkins Road, Lanham, MD 20706, Phone (301) 429-7775 or via email gregory.hare@maryland.gov.

Questions about Housing Opportunities for Persons with AIDS (HOPWA) related sections should be directed to Christine Johnson or Chuma Nkamhoua at the Department of Health located at 1223 West Pratt Street, Baltimore, MD 21223. Phone(443) 326-9635/(410) 767-3374 or via email at Christinem.johnson@maryland.gov or chuma.nkamhoua @maryland.gov

AP-10 Consultation - 91.110, 91.300(b); 91.315(l)

1. Introduction

The Annual Action Plan incorporates the efforts of other agencies, organizations, and citizens throughout the state. This report embarks on a needs assessment that reviews housing needs across the state particular in the non-entitlement jurisdictions involving several divisions within multiple agencies as well numerous programs and funding sources. Using housing data from Census.gov as the main source, program data is used to project and establish objectives and measurable outcomes in an attempt to quantify the need and establish a framework to meet the need to provide decent housing for the citizens of Maryland. To attain this objective and outcomes, this plan garners the expertise from different agencies, program personnel, non-profits, advocacy groups (Continuums of Care, homeless and housing service providers) to come up with a plan using reliable data sources to define goals and strategies. This will assist in the distribution of federal funds equitably within its non-entitlement jurisdictions while leveraging private funds to meet its goal of providing decent housing solutions to its citizens.

In preparation for developing the FFY2023 Annual Action Plan, the State held public hearings in Baltimore County, Allegany County, Calvert County, Talbot County, Prince George's County as well as an on-line virtual hearing for stakeholders across the state. Additionally, the State consulted with internal program custodians within Departmental and Housing and Community Development, Department of Health, Department of Disabilities, Department of Planning; all of the State's Counties, PHAs, municipalities, and towns, as well as affiliate organizations such as MAHRA and MACO.

The State also consulted with Nonprofits such as the United Way of Central Maryland, Associated Catholic Charities, various chapters of Habitat for Humanity, various chapters of the YMCA, all of the State's Continuums of Care, all of the State's Community Action Agencies, and many others. A complete listing of the over 600 organizations consulted is available upon request. Additionally, a list of non-profits and other organizations are referenced throughout the plan.

Provide a concise summary of the state's activities to enhance coordination between public and assisted housing providers and private and governmental health, mental health and service agencies

PENDING RECEIPT FROM ESG. For immediate information please contact ESG at DHCD.

Describe coordination with the Continuum of Care and efforts to address the needs of homeless persons (particularly chronically homeless individuals and families, families with children, veterans, and unaccompanied youth) and persons at risk of homelessness

DHCD grants homeless services funds to all LHCs and CoCs in Maryland and works closely with them throughout the year to assess needs of homeless households, solicit local input into statewide strategies

to address homelessness, provide training and technical assistance to homeless services providers, and align funding priorities.

During 2022-2023, DHCD held monthly calls to solicit information about local homeless needs, gaps in resources/funding, gaps in public health and behavioral health resources, and gather feedback on state policy initiatives. Additionally, five CoCs have designated seats on the State Interagency Council on Homelessness, which DHCD facilitates. Over 20 members from the CoCs across the state participate in committees and workgroups of the Maryland Interagency Council on Homelessness (ICH). The ICH adopted a homeless services framework that prioritizes systems change.

DHCD also serves as the Collaborative Applicant and Lead Agency for the new Maryland Balance of State Continuum of Care, which was created in January 2020 and merged five rural/suburban CoCs into one (Allegany County, Garrett County, Washington County, Cecil County, and Southern Maryland). In 2022, the Balance of State was expanded to include Harford County, and in 2023 the Balance of State added Frederick County, effectively merging seven prior CoCs in three years.

DHCD staff attends local CoC meetings and have provided technical assistance in increasing the capacity and effectiveness of rapid re-housing by leveraging landlord incentives, promoting single bedroom options for vulnerable clients, and offering peer trainings on effective strategies for landlord engagement. DHCD provided numerous trainings in 2022, offering statewide trainings on Equal Access, Fair Housing, Veteran Suicide Prevention and Rapid Rehousing Rent Reasonableness and FMR documentation, in addition to the standard annual trainings on Grant Monitoring requirements, Grant Application Process and Invoicing. In 2023, DHCD plans to provide additional training opportunities on OMB Circular Requirements for Administering Federal Funds to better support new and smaller non-profit funding recipients, as well as trainings in Housing First, Racial Equity and continued intensive TA in Rapid Rehousing through a biweekly RRH Workgroup. DHCD also funds and leads an annual statewide homeless youth count and needs assessment in coordination with CoCs, who are represented on the steering committee and implement the count locally in their community.

Describe consultation with the Continuum(s) of Care that serves the State in determining how to allocate ESG funds, develop performance standards for and evaluate outcomes of projects and activities assisted by ESG funds, and develop funding, policies and procedures for the operation and administration of HMIS

In 2017-2018, the State of Maryland consolidated all funding streams available to address homelessness into DHCD, creating a new Homelessness Solutions Program (HSP). HSP funds, which include both Federal ESG and State funds, are granted directly to CoC Collaborative Applicant and Balance of State Local Homeless Coalition (LHC) Lead Agencies an each year. DHCD ESG funds are primarily awarded to non-entitlement jurisdictions, though there are occasions where ESG may be made available to entitlement jurisdictions - examples include new and urgent funding priorities to address homelessness, need to reallocate from slow spenders, braiding together different funding streams to meet local needs,

and meeting State match requirements. While ESG is part of the consolidated HSP, ESG funds are tracked separately within the grant.

Continuums of Care and Local Homeless Coalitions then work with their board and membership to develop an annual plan for allocating funds based on local needs, housing inventory, and other leveraged resources. Continuums of Care engage regularly (at a minimum biannually) with DHCD to provide feedback on funding priorities, policies, procedures, performance targets, and general grant management and oversight.

DHCD operates the Maryland State Data Warehouse (MSHDW), which collects data from every CoC's Homeless Management Information System on a quarterly basis. The data is used by DHCD to create monthly performance reports for all homeless services projects across the State. DHCD works with each CoC to address project performance concerns and evaluate outcomes as needed and annually during the CAPER process. During the initial creation of the State's performance targets for ESG funds, CoCs provided feedback on key performance metrics, how they should be utilized, and the performance targets that were developed.

DHCD reviews each CoC's policies and procedures for HSP (including ESG funds) annually during the monitoring process. This includes working with the CoC to evaluate the effectiveness of and improvements needed to their policies and procedures, HMIS administration, system performance, project performance, and more. DHCD allows each Continuum of Care to utilize HSP funds for the development, administration, and contribution of data to their local HMIS.

During the plan year 2023, DHCD facilitated monthly calls with CoCs to gather input on program priorities, funding needs, and policies, and CoCs and LHCs put together applications and budgets for their HSP and ESG funding allocation each year.

2. Agencies, groups, organizations and others who participated in the process and consultations.

See table and list below

Table 2 – Agencies, groups, organizations who participated

1	**Agency/Group/Organization**	ALLEGANY COUNTY, BOARD OF COMISSIONERS
	Agency/Group/Organization Type	Services-homeless
	What section of the Plan was addressed by Consultation?	Homeless Needs - Chronically homeless Homeless Needs - Families with children Homelessness Needs - Veterans Homelessness Needs - Unaccompanied youth Homelessness Strategy Non-Homeless Special Needs
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	Balance of State Continuum of Care - Lead Agency for Local Homelessness Coalition. The agency provided data and local information on funding needs, resource gaps, coordination of policy and strategies, and measuring progress in addressing homelessness and poverty in its jurisdiction.
2	**Agency/Group/Organization**	Cecil County Health Department
	Agency/Group/Organization Type	Services-homeless
	What section of the Plan was addressed by Consultation?	Homeless Needs - Chronically homeless Homeless Needs - Families with children Homelessness Needs - Veterans Homelessness Needs - Unaccompanied youth Homelessness Strategy
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	Balance of State Continuum of Care - Lead Agency for Local Homelessness Coalition. The agency provided data and local information on funding needs, resource gaps, coordination of policy and strategies, and measuring progress in addressing homelessness and poverty in its jurisdiction.
3	**Agency/Group/Organization**	CARROLL COUNTY, BOARD OF COMMISSIONERS
	Agency/Group/Organization Type	Services-homeless

	What section of the Plan was addressed by Consultation?	Homeless Needs - Chronically homeless Homeless Needs - Families with children Homelessness Needs - Veterans Homelessness Needs - Unaccompanied youth Homelessness Strategy
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	Continuum of Care - Lead Agency. The agency provided data and local information on funding needs, resource gaps, coordination of policy and strategies, and measuring progress in addressing homelessness and poverty in its jurisdiction.
4	**Agency/Group/Organization**	GARRETT COUNTY COMMUNITY ACTION COMMITTEE, INC.
	Agency/Group/Organization Type	Services-homeless
	What section of the Plan was addressed by Consultation?	Homeless Needs - Chronically homeless Homeless Needs - Families with children Homelessness Needs - Veterans Homelessness Needs - Unaccompanied youth Homelessness Strategy Non-Homeless Special Needs
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	Balance of State Continuum of Care - Lead Agency for Local Homelessness Coalition. The agency provided data and local information on funding needs, resource gaps, coordination of policy and strategies, and measuring progress in addressing homelessness and poverty in its jurisdiction.
5	**Agency/Group/Organization**	FREDERICK, CITY OF
	Agency/Group/Organization Type	Services-homeless

OMB Control No: 2506-0117 (exp. 09/30/2021)

	What section of the Plan was addressed by Consultation?	Homeless Needs - Chronically homeless Homeless Needs - Families with children Homelessness Needs - Veterans Homelessness Needs - Unaccompanied youth Homelessness Strategy
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	Continuum of Care - Lead Agency. The agency provided data and local information on funding needs, resource gaps, coordination of policy and strategies, and measuring progress in addressing homelessness and poverty in its jurisdiction.
6	**Agency/Group/Organization**	Harford Community Action Agency
	Agency/Group/Organization Type	Services-homeless
	What section of the Plan was addressed by Consultation?	Homeless Needs - Chronically homeless Homeless Needs - Families with children Homelessness Needs - Veterans Homelessness Needs - Unaccompanied youth Homelessness Strategy
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	Balance of State Continuum of Care - Lead Agency for Local Homelessness Coalition. The agency provided data and local information on funding needs, resource gaps, coordination of policy and strategies, and measuring progress in addressing homelessness and poverty in its jurisdiction.
7	**Agency/Group/Organization**	Howard County Department of Community Resources and Services
	Agency/Group/Organization Type	Services-homeless

OMB Control No: 2506-0117 (exp. 09/30/2021)

	What section of the Plan was addressed by Consultation?	Homeless Needs - Chronically homeless Homeless Needs - Families with children Homelessness Needs - Veterans Homelessness Needs - Unaccompanied youth Homelessness Strategy
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	Continuum of Care - Lead Agency. The agency provided data and local information on funding needs, resource gaps, coordination of policy and strategies, and measuring progress in addressing homelessness and poverty in its jurisdiction.
8	**Agency/Group/Organization**	Mid Shore Behavioral Health, Inc.
	Agency/Group/Organization Type	Services-homeless
	What section of the Plan was addressed by Consultation?	Homeless Needs - Chronically homeless Homeless Needs - Families with children Homelessness Needs - Veterans Homelessness Needs - Unaccompanied youth Homelessness Strategy
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	Continuum of Care - Lead Agency. The agency provided data and local information on funding needs, resource gaps, coordination of policy and strategies, and measuring progress in addressing homelessness and poverty in its jurisdiction.
9	**Agency/Group/Organization**	Somerset County Health Department
	Agency/Group/Organization Type	Services-homeless

OMB Control No: 2506-0117 (exp. 09/30/2021)

	What section of the Plan was addressed by Consultation?	Homeless Needs - Chronically homeless Homeless Needs - Families with children Homelessness Needs - Veterans Homelessness Needs - Unaccompanied youth Homelessness Strategy
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	Continuum of Care - Lead Agency. The agency provided data and local information on funding needs, resource gaps, coordination of policy and strategies, and measuring progress in addressing homelessness and poverty in its jurisdiction.
10	**Agency/Group/Organization**	Three Oaks Homeless Shelter, Inc.
	Agency/Group/Organization Type	Services-homeless
	What section of the Plan was addressed by Consultation?	Homeless Needs - Chronically homeless Homeless Needs - Families with children Homelessness Needs - Veterans Homelessness Needs - Unaccompanied youth Homelessness Strategy
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	Balance of State Continuum of Care - Lead Agency for Local Homelessness Coalition. The agency provided data and local information on funding needs, resource gaps, coordination of policy and strategies, and measuring progress in addressing homelessness and poverty in its jurisdiction.
11	**Agency/Group/Organization**	WASHINGTON COUNTY COMMUNITY ACTION COUNCIL, INC.
	Agency/Group/Organization Type	Services-homeless

	What section of the Plan was addressed by Consultation?	Homeless Needs - Chronically homeless Homeless Needs - Families with children Homelessness Needs - Veterans Homelessness Needs - Unaccompanied youth Homelessness Strategy
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	Balance of State Continuum of Care - Lead Agency for Local Homelessness Coalition. The agency provided data and local information on funding needs, resource gaps, coordination of policy and strategies, and measuring progress in addressing homelessness and poverty in its jurisdiction.

Identify any Agency Types not consulted and provide rationale for not consulting

There were no such agencies identified.

Other local/regional/state/federal planning efforts considered when preparing the Plan

Name of Plan	Lead Organization	How do the goals of your Strategic Plan overlap with the goals of each plan?
Continuum of Care		

Table 3 - Other local / regional / federal planning efforts

Narrative

AP-12 Participation - 91.115, 91.300(c)

1. Summary of citizen participation process/Efforts made to broaden citizen participation
Summarize citizen participation process and how it impacted goal-setting

In drafting the SFY2023 Annual Action Plan, the State scheduled six pre-draft hearings as well as a survey soliciting input from the citizens. See schedule of hearings below:

Hearings

The State will hold six pre-draft hearings on the Annual Plan as scheduled below. All hearings are accessible to persons with disabilities. Persons requiring a translator should request one at least three days prior to the hearing they plan to attend.

First Hearing: Public Hearings for Annual Action Plan
Wednesday, February 8 · 11:00 am – 12:00 pm
Towson – Baltimore County Public Library
320 York Road
Towson, MD 21204

Second Hearing: Public Hearings for Annual Action Plan
Thursday, February 9 · 11:00 am – 12:00 pm
Cumberland - Allegany County Department of Economic and Community Development
701 Kelly Road
Cumberland, MD 21502

Third Hearing: Public Hearings for Annual Action Plan
Friday, February 10 · 12:00 pm – 1:00 pm
Owings - Calvert Library Fairview Branch
8120 Southern Maryland Blvd
Owings, MD 20736

Fourth Hearing: Public Hearings for Annual Action Plan
Monday, February 13 · 11:00 am – 12:00 pm
Easton - Easton Town Office
14 South Harrison Street
Easton, MD 21601

Fifth Hearing: Public Hearings for Annual Action Plan
Tuesday, February 14 · 11:00 am – 12:00 pm
Lanham – DHCD headquarters
7800 Harkins Road
Lanham, MD 20706

Sixth Hearing: Public Hearings for Annual Action Plan
Wednesday, February 15 · 6:00 pm – 7:00 pm
Virtual - Google Meet joining info: **https://meet.google.com/oaa-ivsu-msv**
Or dial: (US) +1 442-324-4475 PIN: 778 804 905#

Any questions or comments should be directed to me or Senior Policy Analyst at the address, phone numbers, or e-mail listed below:

Bernice Mensah, Director @ bernice.mensah@maryland.gov
James Parker, Senior Housing Policy Analyst, James.Parker1@maryland.gov
Housing Economic Research Office
Maryland Department of Housing and Community Development
7800 Harkins Road
Lanham, Maryland 20706
(301) 429-7446 or Maryland Relay for the Deaf at 1(800)735-2258.

Citizen Participation Outreach

Sort Order	Mode of Outreach	Target of Outreach	Summary of response/attendance	Summary of comments received	Summary of comments not accepted and reasons	URL (If applicable)
1	5 Hearings In-Person	Citizens, Non-Profits, Local Governments	See AP10 for details	See AP10 for details	None	
2	1 Virtual	Citizens, Non-Profits, Local Governments	See AP10 for details	See AP10 for details	None	
3	Survey	Citizens, Non-Profits, Local Governments	See AP10 for details	See AP10 for details	None	

Table 4 – Citizen Participation Outreach

Expected Resources

AP-15 Expected Resources – 91.320(c)(1,2)

Introduction

Anticipated resources for the SFY2024 Annual Action Plan are projected to be **$30.4 million** of HUD funding that will be disseminated through CDBG, ESG, HOME, HOPWA and NHTF (estimate of $11.2 million) programs to help meet the following goals:

1. Grow the number of affordable housing units
2. Increase the number of affordable housing units for special needs population
3. Provide rapid-rehousing to reduce the number of people experiencing homelessness
4. Foster healthy competition among sustainable and other designated communities to meet goals set in the plan

Anticipated Resources

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 1				Expected Amount Available Remainder of ConPlan $	Narrative Description
			Annual Allocation: $	Program Income: $	Prior Year Resources: $	Total: $		
CDBG	public - federal	Acquisition Admin and Planning Economic Development Housing Public Improvements Public Services	8,165,077	100,000	5,100,000	13,365,077	8,000,000	

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 1				Expected Amount Available Remainder of ConPlan $	Narrative Description
			Annual Allocation: $	Program Income: $	Prior Year Resources: $	Total: $		
HOME	public - federal	Acquisition Homebuyer assistance Homeowner rehab Multifamily rental new construction Multifamily rental rehab New construction for ownership TBRA	7,419,907	1,500,000	3,755,063	12,674,970	8,573,005	Allocation for 2023 - 2024 and approximate program income expected
HOPWA	public - federal	Permanent housing in facilities Permanent housing placement Short term or transitional housing facilities STRMU Supportive services TBRA	2,456,025	0	1,119,394	3,575,419	2,763,388	

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 1				Expected Amount Available Remainder of ConPlan $	Narrative Description
			Annual Allocation: $	Program Income: $	Prior Year Resources: $	Total: $		
ESG	public - federal	Conversion and rehab for transitional housing Financial Assistance Overnight shelter Rapid re-housing (rental assistance) Rental Assistance Services Transitional housing	1,202,580	0	1,181,507	2,384,087	1,300,000	
HTF	public - federal	Acquisition Admin and Planning Homebuyer assistance Multifamily rental new construction Multifamily rental rehab New construction for ownership	11,215,433	0	197,949	11,413,382	8,000,000	
Continuum of Care	public - federal	Supportive services TBRA	0	0	0	0	0	

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 1				Expected Amount Available Remainder of ConPlan $	Narrative Description
			Annual Allocation: $	Program Income: $	Prior Year Resources: $	Total: $		
LIHTC	public - federal	Acquisition Housing Multifamily rental new construction Multifamily rental rehab	0	0	0	0	0	
Section 811	public - federal	Acquisition Housing Multifamily rental new construction Multifamily rental rehab Permanent housing placement Rental Assistance	0	0	0	0	0	
Other	public - federal	Admin and Planning Economic Development Homeowner rehab Other	0	0	0	0	0	
Other	public - federal	Admin and Planning Public Improvements	0	0	0	0	0	

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 1				Expected Amount Available Remainder of ConPlan $	Narrative Description
			Annual Allocation: $	Program Income: $	Prior Year Resources: $	Total: $		
Other	public - federal	Financial Assistance Housing Public Services Rental Assistance Supportive services	0	0	0	0	0	

Table 5 - Expected Resources – Priority Table

Explain how federal funds will leverage those additional resources (private, state and local funds), including a description of how matching requirements will be satisfied

The federal funds DHCD receives through the Annual Action Plan are actually only a small part of the resources the Department has available to provide housing and community development efforts. As noted in the above table, DHCD allocates Federal LIHTC for the State of Maryland. These funds are awarded jointly and competitively with HOME funds through a uniform application process that also includes significant funding from the State. In addition, DHCD receives substantial funding from the State for Community Revitalization efforts as well. All told, DHCD typically receives close to $100 million per year in State funding to carry out housing and community development efforts. In addition to these funds, DHCD is also the State's Housing Finance Agency, allocating bond funds for both rental housing and homeownership efforts. This often exceeds $300 million per year, or about $1.5 billion over the life of the Con Plan. The State is also a Public Housing Authority, operating the Section 8 Housing Choice Voucher Program, as well as serving as a Section 8 Contract Administrator for HUD. In the former capacity, DHCD operates "regular", mainstream, VASH, NEDS, and other Voucher programs to assist persons with disabilities, youth, homeless veterans, and others obtain affordable housing.

Matching funds required for programs such as HOME, CDBG and ESG come from the State. The HOME matching requirement is met through the Rental Allowance Program, which provides short term rental assistance to persons who are at risk of homelessness or homeless. ESG funding is matched with State Homelessness Solutions Program funds. The State will match the two-percent administrative allowance with State general funds.

If appropriate, describe publicly owned land or property located within the jurisdiction that may be used to address the needs identified in the plan

Maryland DHCD does not own public land or properties with the state that may be used to address needs identified in the plan.

Annual Goals and Objectives

AP-20 Annual Goals and Objectives – 91.320(c)(3)&(e)

Goals Summary Information

Sort Order	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
1	Increase Affordable Rental Housing	2020	2024	Affordable Housing Homeless Non-Homeless Special Needs Non-Housing Community Development		Housing - New Construction Housing - Rehabilitation - Multi Family	CDBG: $2,800,000 HOME: $15,963,059	Rental units constructed: 62 Household Housing Unit Rental units rehabilitated: 67 Household Housing Unit
2	Promote Homeownership	2020	2024	Affordable Housing		Housing - Direct Homeownership Assistance	CDBG: $1,000,000 HOME: $580,548	Direct Financial Assistance to Homebuyers: 40 Households Assisted

OMB Control No: 2506-0117 (exp. 09/30/2021)

Sort Order	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
3	Community Revitalization	2020	2024	Affordable Housing Homeless Non-Homeless Special Needs Non-Housing Community Development		Public Facilities Senior Centers Public Facilities Homeless Persons Public Facilities Childcare and Youth Programs Blight Removal Public Infrastructure - Water and Sewer Public Infrastructure - Streets and Drainage Public Infrastructure - Sidewalks and Curbs Housing - Rehabilitation - Single Family Planning	CDBG: $9,300,000 HOME: $5,295,661	Public Facility or Infrastructure Activities other than Low/Moderate Income Housing Benefit: 50000 Persons Assisted Homeowner Housing Rehabilitated: 35 Household Housing Unit Homeless Person Overnight Shelter: 300 Persons Assisted Buildings Demolished: 10 Buildings
4	Reduce Homelessness	2020	2024	Homeless		Street Outreach Rapid Re-Housing Emergency Shelter Homelessness Prevention	HOPWA: $608,797 ESG: $1,202,580	

Table 6 – Goals Summary

OMB Control No: 2506-0117 (exp. 09/30/2021)

Goal Descriptions

1	**Goal Name**	Increase Affordable Rental Housing
	Goal Description	7/1/2023 - 6/30/2024 - CDBG anticipates funding renovation and construction costs for 100 units of multi-family rental housing. 7/1/2023 - 6/30/2024 - HOME anticipates funding 4 multi-family rental housing projects with approximately 22 HOME Rehabilitation units and 7 HOME New Construction units
2	**Goal Name**	Promote Homeownership
	Goal Description	7/1/2023 - 6/30/2024 - CDBG anticipates funding down payment assistance for 40 housing units. 7/1/2023 - 6/30/2024 - HOME is anticipating the addition of 2 new CHDO's which may produce units for acquisition/rehab/resale and HOME would provide closing cost assistance to new homeowners up completion and sale of these properties
3	**Goal Name**	Community Revitalization
	Goal Description	7/1/2023 - 6/30/2024 - CDBG anticipates spending the majority of funding on community revitalization projects including rehabilitation of owner-occupied housing, construction or improvement of infrastructure, construction or improvement of public facilities and blight removal. 7/1/2023 - 6/30/2024 - HOME anticipates funding 15 single family homeowner rehabilitation/reconstruction projects.
4	**Goal Name**	Reduce Homelessness
	Goal Description	

AP-25 Allocation Priorities – 91.320(d)

Introduction:

The State awards funds through an application process based on the method of distribution provided for each program

Funding Allocation Priorities

	Increase Affordable Rental Housing (%)	Promote Homeownership (%)	Community Revitalization (%)	Reduce Homelessness (%)	Total (%)
CDBG	100	0	0	0	**100**
HOME	73	3	24	0	**100**
HOPWA	0	0	0	100	**100**
ESG	0	0	0	100	**100**
HTF	100	0	0	0	**100**
Continuum of Care	0	0	0	0	**0**
LIHTC	0	0	0	0	**0**
Section 811	0	0	0	0	**0**
Other CDBG-DR #1	0	0	0	0	**0**
Other CDBG-DR #2	0	0	0	0	**0**
Other Community Services Block Grant	0	0	0	0	**0**

Table 7 – Funding Allocation Priorities

Reason for Allocation Priorities

See Method of Distribution for program allocation priorities in AP 30 Methods of Distribution. States award funds competitively under these programs.

How will the proposed distribution of funds will address the priority needs and specific objectives described in the Consolidated Plan?

See Method of Distribution for program allocation priorities in AP 30. States award funds competitively under these programs.

AP-30 Methods of Distribution – 91.320(d)&(k)

Introduction:

The CDBG, ESG, HOME, HTF and HOPWA programs included in the Consolidated Plan all distribute funds in a different way. Detailed methods of distribution can be found in this section below as the information exceeds the maximum amount of allowable space in IDIS.

Distribution Methods

Table 8 - Distribution Methods by State Program

1	**State Program Name:**	Community Development Block Grant Program
	Funding Sources:	CDBG
	Describe the state program addressed by the Method of Distribution.	The Maryland Community Development Block Grant Program (CDBG) assists county and municipal governments with activities directed towards neighborhood revitalization, housing opportunities, economic development and improvements to public facilities and services. Congress initiated the program in Title 1 of the Housing and Community Development Act of 1974 and provides funds to the State to distribute to non-entitlement areas. Non-entitlement areas are non-urban counties with populations with less than 200,000 people (minus entitlement cities) and municipalities with less than 50,000 in population.

	Describe all of the criteria that will be used to select applications and the relative importance of these criteria.	Please see the CDBG Method of Distribution information for an answer to this question in Word version of the plan or on our website. See link below: https://dhcd.maryland.gov/Pages/ConsolidatedPlan.aspx
	If only summary criteria were described, how can potential applicants access application manuals or other **state publications describing the application criteria? (CDBG only)**	Please see the CDBG Method of Distribution information for an answer to this question in Word version of the plan or on our website. See link below: https://dhcd.maryland.gov/Pages/ConsolidatedPlan.aspx

	Describe the process for awarding funds to state recipients and how the state will make its allocation available to units of general local government, and non-profit organizations, including community and faith-based organizations. (ESG only)	N/A
	Identify the method of selecting project sponsors (including providing full access to grassroots faith-based and other community-based organizations). (HOPWA only)	N/A

	Describe how resources will be allocated among funding categories.	Please see the CDBG Method of Distribution information for an answer to this question in Word version of the plan or on our website. See link below:
	Describe threshold factors and grant size limits.	Please see the CDBG Method of Distribution information for an answer to this question in Word version of the plan or on our website. See link below:

	What are the outcome measures expected as a result of the method of distribution?	Please see the CDBG Method of Distribution information for an answer to this question in Word version of the plan or on our website. See link below:
2	**State Program Name:**	Emergency Solutions Grant
	Funding Sources:	ESG
	Describe the state program addressed by the Method of Distribution.	ESG is designed for the payment of certain expenses related to operating emergency shelters, for essential services related to emergency shelters and street outreach for the homeless, and for homelessness prevention and rapid re-housing assistance. Funds support households who are currently at imminent risk of homelessness to meet their immediate shelter and safety needs and transition into stable permanent housing.

	Describe all of the criteria that will be used to select applications and the relative importance of these criteria.	DHCD requires each Continuum of Care and Local Homeless Coalition lead agency to submit an application annually describing their jurisdiction's plan for addressing homelessness, applicant organizational capacity, community coordination efforts, local needs, implementation of best practices such as Housing First, implementation of their Coordinated Entry System, how they will address and eliminate fair housing impediments, and what projects they will undertake with ESG funding. The application includes demonstrating progress on DHCD and HUD project and system performance outcomes in addition to maintaining compliance with program regulations and HMIS data entry. DHCD scores applications competitively based on these factors, and CoCs with the highest scores are awarded additional funding.
	If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)	Not applicable to ESG

	Describe the process for awarding funds to state recipients and how the state will make its allocation available to units of general local government, and non-profit organizations, including community and faith-based organizations. (ESG only)	Eligible grantees for ESG funds are Continuums of Care and Local Homelessness Coalitions, primarily those operating in non-entitlement ESG jurisdictions. Continuums of Care then subgrant those funds to nonprofit organizations in their geographic area, including those that are faith-based. Most Continuum of Care and Local Homelessness Coalition lead agencies are local government agencies and non-profits.
	Identify the method of selecting project sponsors (including providing full access to grassroots faith-based and other community-based organizations). (HOPWA only)	Not applicable to ESG.

	Describe how resources will be allocated among funding categories.	Projected allocations by eligible activity for ESG 2023 funding: • Street Outreach - 2.5% • Emergency Shelter - 30% • Rapid Re-Housing - 40% • Homelessness Prevention - 20% • Admin 7.5% DHCD uses matching State funds to provide administrative and HMIS funds to Continuums of Care and Local Homelessness Coalitions.
	Describe threshold factors and grant size limits.	Not applicable - Funds are awarded to CoCs according to need based on annual PIT Count and HMIS data.

OMB Control No: 2506-0117 (exp. 09/30/2021)

	What are the outcome measures expected as a result of the method of distribution?	• Reduced length of time people experience homelessness • Reduced rate of first-time homelessness • Increased placement of people experiencing homelessness into permanent housing • Reduced number of formerly homeless persons losing permanent housing and returning to the homeless system
3	**State Program Name:**	HOME Program
	Funding Sources:	HOME
	Describe the state program addressed by the Method of Distribution.	HOME funds will be used to increase the number of housing units for very low income individuals and households. HOME funds will be targeted for the lowest income households as follows: For rental housing projects, HOME funds will be targeted to serve households at or below 80 percent of the area median household income, adjusted for household size, and determined annually by HUD.

OMB Control No: 2506-0117 (exp. 09/30/2021)

	Describe all of the criteria that will be used to select applications and the relative importance of these criteria.	Please see the downloaded version of the plan for more information. Single family projects for rehabilitation/reconstruction assistance through the HOME Program are awarded on a first come first serve basis. Applications for rehabilitation/reconstruction assistance are available on our website. Single Family rehabilitation/reconstruction loans, acquisition/rehab/resale loans and loans for Homeownership assistance will be targeted to households at or below 80percent of the area median household income, adjusted for household size and determined annually by HUD.
	If only summary criteria were described, how can potential applicants access application manuals or other **state publications describing the application criteria? (CDBG only)**	Not Applicable

	Describe the process for awarding funds to state recipients and how the state will make its allocation available to units of general local government, and non-profit organizations, including community and faith-based organizations. (ESG only)	Not Applicable
	Identify the method of selecting project sponsors (including providing full access to grassroots faith-based and other community-based organizations). (HOPWA only)	Not Applicable

OMB Control No: 2506-0117 (exp. 09/30/2021)

	Describe how resources will be allocated among funding categories.	For information on resource allocation, please see the Word version of the plan or on our website. See link below: **https://dhcd.maryland.gov/Pages/ConsolidatedPlan.aspx**
	Describe threshold factors and grant size limits.	For information on threshold factors and grant size limits, please see the Word version of the plan or on our website. See link below: **https://dhcd.maryland.gov/Pages/ConsolidatedPlan.aspx**

	What are the outcome measures expected as a result of the method of distribution?	For information on expected outcomes, please see the Word version of the plan or on our website. See link below: **https://dhcd.maryland.gov/Pages/ConsolidatedPlan.aspx**
4	**State Program Name:**	HTF Program
	Funding Sources:	HTF
	Describe the state program addressed by the Method of Distribution.	The HTF Program's priority will be to increase the supply of decent, safe, and sanitary affordable housing for ELI households, including homeless families. HTF funds may be used for the production, preservation and rehabilitation of affordable rental housing through the acquisition, new construction, reconstruction, or rehabilitation of non-luxury housing with suitable amenities. In its method of distribution, ninety percent (90%) of the HTF annual allocation will be used for the production, preservation, and rehabilitation of affordable rental housing through the acquisition, new construction, reconstruction, or rehabilitation of non-luxury housing with suitable amenities. The Department will retain the percent (10%) of the HTF annual allocation for allowable administrative and planning expenses. The HTF program requires the Department to commit funds within 24 months of HUD's execution of the HTF grant Agreement.

	Describe all of the criteria that will be used to select applications and the relative importance of these criteria.	HTF projects will be selected by the Department for funding consideration, subject to the availability of funds. Applications will be reviewed for eligibility and evaluated using the Threshold Criteria set forth below. HTF funds will be awarded to eligible projects through a non-competitive, first-ready first-served basis and will be used to complement and in conjunction with ongoing Department housing programs to leverage other project funding, make projects financially feasible, and increase the number of ELI households served in state-funded projects. HTF funds may be used in projects utilizing RHFP, LIHTC, MBP, Shelter and Transitional Housing Grant Program (STHGP), and any other programs administered by the Department. HTF may also be used with projects receiving non-Department housing program funds, such as other states
	If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)	Not Applicable

	Describe the process for awarding funds to state recipients and how the state will make its allocation available to units of general local government, and non-profit organizations, including community and faith-based organizations. (ESG only)	Not Applicable
	Identify the method of selecting project sponsors (including providing full access to grassroots faith-based and other community-based organizations). (HOPWA only)	Not Applicable

OMB Control No: 2506-0117 (exp. 09/30/2021)

	Describe how resources will be allocated among funding categories.	HTF projects will be selected by the Department for funding consideration, subject to the availability of funds. Applications will be reviewed for eligibility and evaluated using the Threshold Criteria set forth below. HTF funds will be awarded to eligible projects through a non-competitive, first-ready first-served basis and will be used to complement and in conjunction with ongoing Department housing programs to leverage other project funding, make projects financially feasible, and increase the number of ELI households served in state-funded projects. HTF funds may be used in projects utilizing RHFP, LIHTC, MBP, Shelter and Transitional Housing Grant Program (STHGP), and any other programs administered by the Department. HTF may also be used with projects receiving non-Department housing program funds such as other state, federal, local/public or private sources. HTF may not be used with any funding sources that cannot be combined with HTF (e.g., Public Housing per 24 CFR §93.203). HTF funds may be requested by a Sponsor as part of a project application or Department staff may, in consultation with a sponsor, propose the use of HTF funds during project review and underwriting. Successful recipients will receive a Notice of Award, which will state the Department's intent to award HTF funds.

	Describe threshold factors and grant size limits.	HTF funds may only be used for the following eligible costs: Development hard costs; Acquisition costs; Related soft costs; Relocation costs; and Operating/rental assistance, but no more than one-third of the state's annual HTF allocation and may be used for operating cost assistance and/or an operating cost assistance reserve but must be fully utilized within 5 years of the award. Such assistance can be subsequently renewed, as long as it's within the 30-year affordability period. It is anticipated that such assistance would be very limited and in the form of grants. Operating cost assistance and/or an operating cost assistance reserve may be provided only to rental housing acquired, rehabilitated, reconstructed, or newly constructed with HTF funds. [Section 200(a)(1)]. Eligible use of HTF for operating cost assistance and operating cost assistance reserve in accordance with Section 201(e). • Operating costs are costs for insurance, utilities, real property taxes, and maintenance and scheduled payments to a reserve for replacement of major systems (provided that the payments must be based on the useful life of each major system and expected replacement cost) of an HTF-assisted unit. • The eligible amount of HTF funds per unit for operating cost assistance is determined based on the deficit remaining after the monthly rent payment for the HTF-assisted unit is applied to the HTF-assisted unit's share of monthly operating costs. • The maximum amount of the operating cost assistance to be provided to an HTF-assisted rental project must be based on the underwriting of the project and must be specified in a written agreement between the grantee and the recipient. The written agreement may commit from a fiscal year HTF grant funds for operating cost assistance for a multiyear period provided that the grantee is able to meet its expenditure deadline in 93.400(d).

		• The grantee may renew operating cost assistance with future fiscal year HTF grants during the affordability period [Section 302(d)(1) establishes a 30-year minimum affordability period] and the amount must be based on the need for the operating cost assistance at the time the assistance is renewed. The Department will require that all applications for HTF funds must contain a description of the eligible activities to be conducted with the HTF funds. HTF projects must also comply with Site and Neighborhood Standards requirements established in the HTF interim rule published by HUD (Exhibit A). The Site and Neighborhood Standards at § 93.150 apply to new construction of rental projects receiving HTF funds. All rehabilitation projects must meet the applicable HTF rehabilitation standards and the requirements of 24 CFR §93.301(b). The Department will not use HTF funds for refinancing existing debt.

	What are the outcome measures expected as a result of the method of distribution?	The Department has determined that a broader set of priorities is necessary to ensure the availability of important resources to all areas and populations in the State. The following outcomes are expected from allocated funding priorities to provide: 1. Family Housing in Communities of Opportunity 2. Housing in Community Revitalization and Investment Areas 3. Integrated Permanent Supportive Housing Opportunities 4. Preservation of Existing Affordable Housing 5. Elderly Housing in Rural Areas of the State Outside Communities of Opportunity 6. Housing for the Homeless It is the Department's intent to ensure that Maryland's affordable housing development resources, including HTF funding, are fairly deployed in a manner that best serves Maryland residents; including families, seniors, and persons with disabilities or special needs, and the continuing demand for quality, affordable rental housing across the State. Funds available through the HTF Program will be targeted to provide permanent rental housing to extremely low-income (ELI) households. The need for permanent rental housing for ELI households in Maryland is significant, with the latest estimates indicating that there are over 180,000 households in the State with incomes at or below 30% AMI, and 86% of these households pay in excess of 50% of their income for housing. Additionally, ELI households in Maryland have a high occurrence of disabilities and other special needs. The HTF Program's priority will be to increase the supply of decent, safe, and sanitary affordable housing for ELI households, including homeless families. HTF funds may be used for the production, preservation and rehabilitation of affordable rental housing through the acquisition, new construction, reconstruction, or rehabilitation of non-luxury housing with suitable amenities.

METHODS OF DISTRIBUTION

EXHIBIT 1: CDBG METHOD OF DISTRIBUTION

Congress initiated the CDBG program in Title I of the Housing and Community Development Act of 1974 and provides funds to the State for non-entitlement areas. Non-entitlement areas are non-urban counties with populations less than 200,000 (minus entitlement cities) and municipalities of less than 50,000 in population. The Maryland CDBG program is administered by DHCD. HUD provides the State with "maximum feasible deference" to create additional policies, be more restrictive than HUD in policies and interpretation of regulations, and to determine how funds will be distributed. Additionally, the State may choose not to fund certain types of projects though they are eligible.

The State provides CDBG funds primarily as gap funding for projects selected by jurisdictions to meet their needs. The funds will be awarded through three categories - Community Development, Special Projects and the Flood Relief for Homeowners Initiative. DHCD will award funds for projects from the Community Development category through an annual competition. DHCD will award funds for projects through the other two categories on a "first come, first serve" basis.

The primary objectives of the Maryland CDBG program are to provide decent housing and necessary supporting infrastructure; to preserve and develop viable communities through the expansion of economic opportunities; and, to meet the critical needs of Maryland's communities. The Maryland CDBG program provides public funds for activities that meet at least one of the following national objectives as required by Title I of the Housing and Community Development Act of 1974, as amended (HCD Act):

- gives maximum feasible priority to activities that will benefit low and moderate income (LMI) persons and households;
- aids in the prevention or elimination of slums or blight; or
- meets community needs that are of an urgent nature or an immediate threat to community health and welfare.

Additional Maryland CDBG program objectives include:

- revitalizing older neighborhoods and established communities;
- leveraging CDBG funds with other public assistance programs and private resources;
- directing growth to existing population centers;
- providing essential public services to low- and moderate-income persons;
- encouraging collaboration with state, federal and local programs focused on community development, economic development and planning efforts;
- supporting initiatives that preserve affordable homeownership;
- supporting capital and non-capital investments that support the homeless; and
- supporting initiatives and activities that benefit those serving or who have served in the U.S. armed forces.

The federal CDBG program regulations can be found in Title 24 of the Code of Federal Regulations Part 570 (24 CFR Part 570).

STATE FISCAL YEAR 2024 / FEDERAL FISCAL YEAR 2023 ALLOCATION

The State will receive $8,165,077 for federal fiscal year 2023. It will be spent as follows:

STATE OF MARYLAND CDBG ALLOCATION – FFY 2023	
State Administration (2% + $100,000)	$263,301
Technical Assistance (1%)	$81,650
Community Development (70% - $100,000)	$5,570,126
Special Projects (15%)	$1,250,000
Flood Relief for Homeowners Initiative (12%)	$1,000,000
TOTAL	$8,165,077

Additionally, due to approximately $5.1 million of additional funding available from previous years, program income and recapture of unused grant funds, the amounts to award will increase. Specifically, funding categories are estimated to increase to the following:

STATE OF MARYLAND CDBG ESTIMATED AMOUNTS TO AWARD	
Community Development	$9,920,126
Special Projects	$2,000,000
Flood Relief for Homeowners Initiative	$1,000,000
TOTAL	$12,920,126

The State will match the 2% administrative allowance with State general funds as required. The 1% Technical Assistance funds will be used to pay for program administrative costs related to providing technical assistance to grantees and potential CDBG recipients. The State may also use 3% of program income returned during the program year for administration and technical assistance. In the annual Performance Report, the State will calculate the amount used and determine the State's required match.

Throughout the year, any funds from previous years not awarded or other funds that become available will be awarded to projects as needed under Special Projects or through the next competitive funding round. This also includes funds received due to monitoring findings, recaptures or the return of program income.

All funds awarded in SFY 2024/FFY 2023 will be included in the annual Performance Report.

NATIONAL OBJECTIVE AND ELIGIBLE ACTIVITIES

Title I of the Housing and Community Development Act of 1974 requires that any project funded with Community Development Block Grant funds must meet a national objective and the activities must be eligible. There are three national objectives: 1) benefit to persons of low and moderate income (LMI); 2) prevention or elimination of slum and blight; or 3) meet an urgent need that is an immediate threat to community health, safety or welfare. Though discussed below, additional information about meeting national objectives are found in the section entitled "CDBG Income Determination and Qualification."

NATIONAL OBJECTIVE

Benefit to LMI Persons Thru Area Benefit Activities – For projects that benefit an entire town/city or a primarily residential service area, neighborhood or street that has an LMI population that is 51% or greater. LMI information is provided by HUD using American Community Survey data for towns and cities. Communities must undertake surveys using methodology provided by the State to determine the LMI population of a specific project area. Examples of projects include: construction of new water or sewer service, installation of sidewalks, construction of flood and drainage improvements, and construction or renovation of a community center.

Benefit to LMI Persons Thru Limited Clientele Activities – For projects that benefit LMI persons that are "presumed" to be LMI or are qualified based on data about family size and income. Examples of projects include: construction of senior centers, renovation of Head Start centers, ADA improvements to public buildings or streets, construction or renovation of housing for disabled adults, and operating costs for a new homeless shelter.

The following clientele are presumed by HUD to be of low and moderate income:

- Abused children
- Homeless persons
- Elderly persons
- Persons living with AIDS
- Battered spouses
- Migrant farm workers
- Adults meeting the Census definition of severely disabled

Benefit to LMI Persons Thru Housing Activities – For projects that benefit an LMI household that is qualified based on data about household size and income. Examples of projects include: construction of new rental housing, renovation and resale of housing units, single family housing rehabilitation, household connections to new water or sewer services, and down payment assistance for LMI homebuyers.

Benefit to LMI Persons Thru Job Creation Activities – For projects that result in the creation of new jobs and at least 51% of the created jobs are taken by LMI persons. Examples of projects include: construction of infrastructure to support a new business, extension of rail service to an industrial park, building improvements, and acquisition of manufacturing equipment.

Benefit to LMI Persons Thru Job Retention Activities – For projects that result in the retention of jobs and at least 51% of the retained jobs are held by LMI persons. Use of this objective requires evidence that permanent jobs would be lost without CDBG assistance. Examples of projects include: construction or extension of utilities, building construction, construction or improvements of public infrastructure, and acquisition of a building.

Prevention or Elimination of Slum and Blight on An Area Basis

Meeting an Urgent Need – For projects that pose a serious and immediate threat to the health and welfare of a community, are of recent origin, and other funding sources are not available.

Applicants seeking funds for projects that would meet the national objective of meeting an urgent need must contact CDBG program staff to determine if their proposed project qualifies. If it is determined that it qualifies, the application would be considered for funding under the Special Projects category. Supplemental pages would be provided for an applicant to complete regarding urgent need projects.

ELIGIBLE ACTIVITIES

Activities assisted under the State CDBG program may include the following as defined more specifically in Section 105(a) of Title I of the Housing and Community Development Act of 1974 ("HCD Act of 1974"), 42 U.S.C. § 5305(a), as amended. More detailed information may be found in the HUD Guide to National Objectives and Eligible Activities (State and Small Cities Program) which is available on the HUD Exchange website.

A. Acquisition of real property.
B. Acquisition, construction, reconstruction, or installation of public works facilities.
C. Code enforcement in deteriorating areas.
D. Clearance, demolition, removal, reconstruction, and rehabilitation of buildings and improvements.
E. Removal of material and architectural barriers which restrict mobility and accessibility of elderly or handicapped persons.
F. Provision of a new or quantifiable increase in a public service.
G. Payment of the non-federal share required in connection with a federal grant-in-aid program undertaken as part of the program.
H. Relocation payments for displaced individuals, families, businesses, organizations and farm operations.
I. Planning.
J. Payment of reasonable administrative costs.
K. Assistance including loans and grants for activities carried out by public or private nonprofit entities, including:
    1. acquisition of real property;

2. acquisition, construction, reconstruction, rehabilitation, or installation of:
    a. public facilities (except for buildings for the general conduct of government), site improvements, and utilities;
    b. commercial or industrial buildings or structures;
3. planning.

L. Assistance to neighborhood-based non-profit organizations, local development corporations, and nonprofit organizations serving the development needs of communities of non-entitlement areas or entities organized under Section 301(d) of the Small Business Investment Act of 1958, 15 U.S.C. § 681(d), to carry out a neighborhood revitalization or community economic development or energy conservation project.

M. Activities necessary to the development of energy use strategies related to the recipient's development goals.

N. Provision of assistance to private for-profit entities, when the assistance is appropriate to carry out an economic development (ED) project.

O. Rehabilitation or development of housing assisted under former Section 17 of the United States Housing Act of 1937, 42 U.S.C. § 1437.

P. Housing services such as housing counseling, energy auditing, preparation of work specifications, loan processing, inspections, tenant selection, management of tenant based rental assistance.

Q. Direct assistance to facilitate and expand homeownership among LMI persons.

Per federal regulations, the following activities are ineligible for funding: Improvements to buildings used for the general conduct of government such as city halls, county administration buildings, and police stations; political activities; furnishings; and operations, maintenance, or repair of public facilities and works. The exception is ADA improvements to public buildings that are used by the public.

ELIGIBILITY REQUIREMENTS

To be eligible for CDBG funding, each application submitted for funding must meet the following eligibility requirements:

- The applicant is an eligible non-entitlement jurisdiction which is a municipal government with a population under 50,000 or a county government with a population of less than 200,000 (this count excludes HUD entitlement jurisdictions within the county);
- The proposed activities are eligible under Title I of the Housing and Community Development Act of 1974, as amended;
- The proposed project meets a national objective as required under 24 CFR Part 570;
- The proposed (if any) subrecipient or business is eligible;
- The project is located in a Maryland Priority Funding Area, except for public services; single family housing rehabilitation; acquisition, renovation and sale of existing houses; down payment assistance or where the Secretary of DHCD determines that the project is necessary to protect public health, to alleviate personal economic hardship in an emergency situation, to promote economically integrated housing, is consistent with an overall economic development strategy, or where an exception is necessary and has been granted through the Maryland Department of Planning exception process.

A municipal or county government may submit an application on behalf of a subrecipient or business *if they choose to do so*. It is recommended, but not required, that municipalities and counties develop written policies that outline their processes to determine if they would submit a CDBG application on behalf of another entity. The jurisdiction is expected to conduct a risk analysis to review and evaluate the financial and administrative capacity of the subrecipient or business to manage and complete a project. This risk analysis should also include a determination that they will be able to support the operations of the requested facility, housing, or services to be provided as required by the CDBG Program.

Eligible subrecipients include:

- governmental agencies such as housing authorities or, in the case of a County, it could be a municipality;
- non-profit organizations that are corporations, associations, agencies or faith-based organizations with non-profit status under IRS Section 501(c)(3);
- Community Based Development Organizations (CBDOs) that have been certified by the CDBG Program (See Exhibit O); and
- Community Housing Development Organizations (CHDOs) that have been certified by the State HOME Program with a geographic area of operation of no more than one neighborhood (See Exhibit O).

Eligible non-profit organizations must have specific information in their organizational by-laws and mission statements that clearly state they primarily serve persons who are of low and moderate income and/or a specific population that is eligible for CDBG assistance.

CBDOs and CHDOs may partner with affordable housing organizations for construction of new housing or renovation of existing housing.

Eligible businesses include:

- for-profit corporations that are in “Good Standing” in the State of Maryland; and
- non-profit organizations that are corporations, associations, agencies or faith-based organizations with non-profit status under the IRS Section 501(c)(3).

If funded, a grantee will be required to execute either a Subrecipient Agreement or a Jobs Agreement with the specific entity. These agreements bind them to the requirements and policies of the CDBG program and the grantee.

PROGRAM REGULATIONS, REQUIREMENTS AND POLICIES

Grants must be implemented in compliance with the requirements found in the HCD Act of 1974, the CDBG program regulations found in 24 CFR 570, other federal regulations, and state policies and procedures. While most are not applicable until a project is funded and underway, some have to be considered when submitting an application for funding as they may impact cost, schedule, staffing, etc. The most notable are listed below:

1. Acquisition - Uniform Relocation Act – Grantees must comply with the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (49 CFR Part 24) when acquiring property and permanent easements that are required for a project, or when residents or businesses are displaced as a result of a project. Additional regulations regarding relocation of displaced persons or businesses are found in 24 CFR Part 42 and Section 104(d) of the HCD Act. *Note that this regulation applies to the project funded with federal funds, not the specific activity.*

2. Audits – If a grantee spends more than $750,000 of federal funds from any source during their fiscal year, they are required to have a Single Audit prepared in conformance with the Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (2 CFR Part 200).

3. Conflict of Interest - Grantees must comply with federal Code of Conduct or Conflict of Interest Standards found in 2 CFR Part 200 and 24 CFR Part 570.489 which includes having a written policy. Additionally, State of Maryland law requires local governments to adopt conflict of interest restrictions and financial disclosure requirements for local elected officials and candidates that are at least as stringent as the requirements for public officials contained in the Public Ethics Law. More information regarding the Local Government Ethics Law can be found at COMAR, Title 19A, Subtitle 04, Local Government Ethics Law. *Note that those exempt from this requirement under the State of Maryland law must still comply with federal requirements.*

4. Environmental Review – Grantees must comply with the National Environmental Policy Act of 1969 and other federal laws which are specified in 24 CFR Part 58. This review must be completed prior to the initiation of project activities regardless of the funding source. A project is defined as the sum of all elements or activities, not just those funded with CDBG. No activities are to begin until a Release of Funds has been issued by the CDBG Environmental Officer. *Note construction restrictions below under New Construction.*

5. Fair Housing and Equal Opportunity – Grantees must demonstrate their compliance with numerous federal laws, regulations, and Executive Orders as a recipient of a CDBG award and in their general conduct of operating a government. The most relevant regulations are related to non-discrimination when using HUD funding programs; non-discrimination and equal opportunity in housing; non-discrimination based on race, color, religion, sex, national origin, handicap or familial status in programs and activities receiving or benefiting from federal assistance; and employment and contracting opportunities for lower income persons or minority businesses. The grant agreements issued for funded projects will identify all that

apply and the specific requirements. Note that these requirements must be met by subrecipients and businesses too.

6. <u>Fair Housing and Equal Opportunity – Disadvantaged Businesses</u> – When procuring construction or services, grantees are to take affirmative steps to solicit bids from minority owned businesses (MBE) and women owned businesses (WBE).

7. <u>Fair Housing and Equal Opportunity - Section 3</u> – *The HUD Section 3 regulations have been revised.* Grantees must comply with Section 3 of the HCD Act of 1968. The new rule looks at the entire project and Section 3 applies if a project is funded with a minimum of $200,000 of CDBG and other HUD funding. It applies to projects when the HUD funding is used for construction activities. To the greatest extent feasible, "Section 3 Business Concerns" and/or "Section 3 Workers" are to be hired. Grantees must report on total labor hours for the entire project, making the best effort to ensure that 25% of labor hours are provided by Section 3 workers. Additionally, a minimum of 5% of those hours are to be provided by Targeted Section 3 Workers.

Section 3 does not apply to single family housing rehabilitation programs unless the cost per house exceeds $200,000 in federal HUD funding.

8. <u>Financial Management</u> - Grantees must comply with appropriate sections of 2 CFR Part 200, 24 CFR 570.489 and State regulations and requirements in the financial management of their federal grant. CDBG funds should only be spent on costs that are deemed as "reasonable and necessary." *The CDBG Program Financial and Procurement Manual* will provide additional information.

9. <u>Generators</u> – If CDBG funds are used for acquisition, construction or renovation of multi-family rental housing developments or facilities owned by the government, such as senior centers, community centers or other multi-use building, then grantees or subrecipients must install generators. The generator should have sufficient capacity to power, at a minimum, lighting in common areas.

10. <u>Housing - Broadband</u> – Per revisions to 24 CFR Part 570.482, the use of HUD funding for the construction or substantial rehabilitation of a building with more than 4 rental housing units requires the installation of broadband infrastructure to provide access to internet connections in individual housing units. It must meet the definition of "advanced telecommunications capability" determined by the Federal Communications Commission under Section 706 of the Telecommunications Act of 1996.

Substantial rehabilitation is defined as: 1) complete replacement of the electrical system or other work for which the pre-construction cost estimate is equal to or greater than 75% of the cost of replacing the entire system in the building undergoing rehabilitation; or 2) rehabilitation of the building undergoing rehabilitation where the pre-construction estimated cost of the rehabilitation is equal to or greater than 75% of the total estimated cost of replacing the housing after the rehabilitation has occurred. The replacement cost is for the building undergoing rehabilitation only.

Exceptions may be granted by the State if it is determined: 1) the location of the new construction or substantial rehabilitation makes installation of broadband infrastructure infeasible; 2) the cost of installing

broadband infrastructure would result in a fundamental alteration in the nature of its program or activity or is an undue financial burden; or 3) the structure of the housing to be substantially rehabilitated makes installation of broadband infrastructure infeasible.

11. <u>Housing – Fair Market Rents</u> - Per 24 CFR Part 570.483(b)(3), the rents charged for rental properties assisted with CDBG funding must be affordable. When funded, a grantee must adopt and make public its standards for determining "affordable rents."

For projects assisted with other state and/or federal affordable housing funding, the contract rents for those units may not exceed the Fair Market Rents established annually for the county by HUD or the rent standards published by the state or federal funding agencies. The rents for these units must remain affordable for the defined term required by the other funding source or the term set forth below, whichever is greater.

For projects that do not include other state and/or federal affordable housing funding, the contract rents for those units may not exceed the Fair Market Rents established annually for the county by HUD. The rents for these units must remain affordable for the defined term set forth below.

The CDBG grantee shall enforce this requirement with a lien or other legal mechanism between themselves and the developer of the property, if applicable. The terms shall be no less than:

FUNDING AMOUNT	LENGTH OF TERM
Up to $400,000 in CDBG funds	10 years after occupancy date
Between $400,001 and $600,000 in CDBG funds	15 years after occupancy date
Above $600,001 in CDBG funds	20 years after occupancy date

Rents may be increased on an annual basis at the time of lease renewal consistent with changes in the rent standard for the project, but in no case, will the project owner be required to reduce rents. Rents must be checked annually by the grantee.

12. <u>Housing – Homeownership Financial Assistance</u> - If CDBG funds are used to provide financial assistance (i.e. down payment and/or closing costs) to homebuyers, the grantee is required to place a lien on each property which receives assistance. The Grantee is required to use either the following terms or their own, whichever is stricter:

- Assistance up to $10,000 will require a lien placed on the property for five (5) years
- Assistance above $10,100 will require a lien placed on the property for ten (10) years

13. Housing – Homeownership Requirements – When using CDBG funds in conjunction with any homeownership activities: 1) no subprime mortgages are allowed for persons acquiring the houses; 2) no adjustable rate mortgages are allowed for persons acquiring the houses; 3) mortgages must be for a fixed rate for a minimum of 30 years; and 4) a minimum of 8 hours of housing counseling from a HUD approved housing counseling agency is required for persons acquiring the houses.

14. Housing – Housing Rehabilitation Program Policy – The CDBG Program has policies that must be followed when using funds for single family, owner occupied housing rehabilitation programs. In general, all housing must be improved and meet local livability code requirements or housing quality standards upon completion of improvements. Grantees can use up to 25% of award for emergency repairs if this is an approved activity in their grant agreement. Upon approval of funding, local program policies must be submitted and approved to ensure that all current federal and state policies and requirements are included. Grantees may provide a maximum of $40,000 as a grant per house. There is no maximum loan amount. Note that these requirements do not apply for utility connections as part of a water/sewer project.

15. Housing - Housing Rehabilitation Program Restriction – The CDBG Program will only accept applications for housing rehabilitation programs from county governments. The exceptions to this restriction are active municipal programs with open or recent CDBG housing rehabilitation grants and in instances where a municipality is the applicant, but the activities are to be administered by the county government.

16. Housing – Housing Rehabilitation Age of House/Lead Paint Restriction - The use of CDBG funding for single family housing rehabilitation is only for houses constructed after 1978 unless there is documentation demonstrating the house is free of lead-based paint. This documentation can include negative tests or certifications showing that lead based paint has been sufficiently treated and abated. This restriction does not apply to renovation of multi-family housing, renovation and resale projects or to water/sewer connections. CDBG funds cannot be spent on testing.

17. Housing – Loans - If it is the intention of the applicants to use all or any portion of CDBG funding as a loan to a subrecipient and developer, the terms and requirements must be submitted with an application for funding and approved by the CDBG Program Office. As a reminder, any loan funds received by a grantee are considered Program Income and must be returned to the State or used for an approved re-use. The State reserves the right to cancel or alter approved Program Income Plans based on performance of a grantee, subrecipient and developer.

18. Housing - New Construction – The use of funds for the construction of new housing is prohibited under CDBG with the exception of the following:

- New construction activities can be carried out by a Community Based Development Organization (CBDO) that has been certified by the CDBG Program. They can partner with an affordable housing development organization;

- New construction activities can be carried out by a Community Housing Development Organization (CHDO) that has been certified by the State HOME Program. They can partner with an affordable housing development organization;
- To support new housing construction, Grantees and non-profit subrecipients can acquire property and resell it to an affordable housing organization;
- To support new housing construction, Grantees may clear a site in preparation for housing; or
- To support new housing construction, Grantees can make public improvements on publicly-owned property or privately-owned land if operated by grantee and an easement is obtained.

Certifications for CBDO's and CHDO's must be completed and approved prior to the submission of an application. Interested organizations must contact the CDBG Program for further discussion and forms.

Grantees may construct housing of "last resort" for persons displaced as a result of a CDBG funded activity and no comparable replacement house is available.

19. Housing - Rental Housing Renovation Restriction – When using CDBG funds for the renovation of rental housing, the use of CDBG funding is restricted to: 1) the acquisition of a developed property in compliance with 49 CFR Part 24 and must be acquired after the CDBG funds are awarded; 2) construction activities that are competitively procured after the CDBG funds are awarded using the CDBG procurement policy; or 3) procurement of construction materials using the CDBG procurement policy.

20. Insurance - Flood – Flood insurance is required for all buildings acquired, rehabilitated or renovated, including housing, that are in the floodplain. The grantee is required to ensure that subrecipients, businesses and homeowners maintain enough replacement insurance. Files must contain appropriate documentation. Insurance is to be maintained for the term of use, lien period, or loan term. This does not apply to recipients of funds for utility connections. Failure to enforce the flood insurance requirement will result in repayment of all CDBG funds used for that building.

21. Insurance – Homeowner or Building – Homeowner or building insurance is required for all buildings acquired, constructed or renovated with CDBG funds. The grantee is required to ensure that subrecipients, businesses and homeowners maintain enough replacement insurance. Files must contain appropriate documentation. Insurance is to be maintained for the term of use, lien period, or loan term. This does not apply to recipients of funds for utility connections. Failure to enforce the insurance requirement will result in repayment of all CDBG funds used for that building.

22. Labor - Davis Bacon and Related Acts – Funded CDBG projects that result in construction contracts that exceed $2,000 are subject to the federal Davis-Bacon Act, the Contract Work Hours and Safety Standards Act of 1962, and the Fair Labor Standards Act. This does not apply to the rehabilitation or renovation of residential structures designed for less than eight units when completed or for contracts impacting seven or less housing units.

23. Labor – Force Account - Grantees may use costs associated with Force Account labor, which is undertaken by employees of the jurisdiction, as leverage for a CDBG funded project. Costs must be documented using guidance and materials provided by the State.

24. Lead Paint – Grantees must comply with 24 CFR Part 35 and 40 CFR Part 745 when undertaking renovation, repair or painting activities that disturb painted surfaces in buildings converted into housing, homeless shelters, and several other types of projects in buildings that were built before 1978. As of April 22, 2010, work performed as identified in the regulations must be completed by certified firms using certified renovators and workers trained in lead-safe work practices established by the Environmental Protection Agency. Additional information about impacted projects and processes can be found in Exhibit N.

25. Maintenance Plans – If CDBG funds are used for acquisition, construction or renovation of public facilities, multi-family rental housing developments or infrastructure projects, grantees must provide an acceptable maintenance plan to be approved prior to completion of construction or activity. The plan must outline steps to be taken to ensure that maintenance is a priority of the project constructed with federal funds. This would include inspection schedules and scope of work to be undertaken if there is a warranty, annual inspections and reports, documentation of maintenance actions, etc. Grantees must also identify how funding for short-term and long-term maintenance and replacement costs will be addressed.

26. Manufacturing Equipment – If CDBG funds are used for the acquisition of manufacturing equipment for an economic development project, the grantee must secure the equipment with a lien or other mechanism to ensure that it is not sold or removed by the business prior to the end of the retention period and closeout of the grant.

27. New Construction – Prohibition - In accordance with Executive Order 11988 and 24 CFR Part 55, the CDBG Program will not fund projects involving new construction in the following areas: special flood hazard areas, 100-year floodplains, regulatory floodways, and coastal high hazard areas. Projects involving new construction that are located in 500-year floodplains and non-special flood hazard areas could be eligible depending on compliance with 24 CFR Part 55 and Part 58. New construction activities related to replacement or improvements to existing infrastructure projects are allowed depending on compliance with 24 CFR Part 55 and Part 58.

28. Preliminary Engineering – If an applicant receives funding for preliminary engineering for infrastructure projects, they must comply with the U.S. Department of Agriculture's preliminary engineering requirements (PER) if they are planning on seeking construction funding from CDBG, USDA or the Maryland Department of the Environment.

29. Procurement - Grantees are to comply with requirements and processes as identified in the *CDBG Program Financial and Procurement Manual* for all procurement activities. The use of the same policy by all grantees ensures compliance with appropriate sections of 2 CFR Part 200, 24 CFR 570.489 and State regulations and requirements when purchasing materials, products or services with federal funds.

30. <u>Program Income</u> - Program Income is defined as gross income received by the grantee, subrecipient or business directly generated from the use of CDBG funds. The State chooses to classify all funds received as program income and does not recognize the $35,000 limit identified in the regulations. Program Income includes, but is not limited to, the following:

- proceeds from the disposition by sale or long- term lease of real property purchased or improved with CDBG funds;
- proceeds from the disposition of equipment purchased with CDBG funds;
- gross income from the use or rental of real or personal property acquired by the recipient or a subrecipient with CDBG funds, less the costs incidental to the generation of the income;
- gross income from the use or rental of real property owned by the recipient or a subrecipient that was constructed or improved with CDBG funds, less the costs incidental to the generation of the income;
- principal and interest payments on loans made using CDBG funds;
- proceeds from the sale of loans made with CDBG funds;
- proceeds from the sale of obligations secured by loans made with CDBG funds;
- interest earned on funds held in a revolving loan fund account;
- interest earned on program income pending disposition of the income; or
- funds collected through special assessments made against properties owned and occupied by households not of LMI, where the assessments are used to recover all or part of the CDBG portion of a public improvement.

All Program Income funds must be returned to the State unless the grantee has an approved *Program Income Re-Use Plan*. The State may use 3% of any program income returned to the State during the program year for administration and technical assistance.

A *Program Income Re-Use Plan*, which includes a description of the proposed fund management method to manage the funds and the capacity of the grantee to comply with State and federal regulations, must be submitted as part of the application and approved by DHCD, depending on the category. The decision to permit retention of program income by the grantee will be made on a case-by-case basis. *Program Income Re-Use Plans* must be approved for each grant. If there is not an approved *Program Income Re-Use Plan*, program income is to be returned to the State upon receipt.

If a plan is approved, program income may be retained by the grantee provided the grantee pledges its general funds to reimburse the State for any financial liability related to negative findings by the State and/or HUD regarding the re-use of income. Grantees must also ensure that:

- the program income is targeted for an eligible CDBG activity(s) that meets a national objective and for which DHCD has given approval;
- all applicable compliance requirements are met;
- reporting is accurate; and
- activities are completed in a timely manner.

Typically, program income is targeted for use for the "same activity" which is defined as an activity with the same purpose and the same location as the activity generating the program income. Grantees will be required to report on activities. Activities funded with program income are subject to the same reporting and monitoring requirements as other projects.

The State reserves the right to cancel or alter approved *Program Income Re-Use Plans* based on the performance of a grantee or subrecipient. Any program income that is distributed by the State during the period beginning with the date HUD awards the annual grant to the State is considered to be covered by the current Consolidated Plan.

31. Project Administration Costs – All costs supporting project administration or project delivery costs must be documented. Timesheets must be maintained for all persons paid with CDBG funds. Timesheets must reflect actual hours worked on the project. Grantees will be required to document their paid and in-kind costs committed as leverage.

32. Special Assessment/Recovery of Costs – Grantees will not attempt to recover any capital costs of public improvements assisted in whole or part with CDBG funds by assessing any amount against properties owned and occupied by LMI persons. This includes any fee charged or assessment made as a condition of obtaining access to such public improvements. However, if CDBG funds are used to pay the proportion of a fee or assessment attributable to the capital costs of public improvements (assisted in part with CDBG funds) financed from other revenue sources, then an assessment or charge may be made against the property with respect to the public improvements financed by a source other than with CDBG funds. In addition, with respect to properties owned and occupied by moderate-income (but not low-income) families, an assessment or charge may be made against the property with respect to the public improvements financed by a source other than CDBG funds if the State certifies that it lacks CDBG funds to cover the assessment.

33. Term of Use - Buildings and Facilities – Buildings and facilities acquired, constructed or renovated with CDBG funds must remain in the approved use for a specific period of time. For a grantee, the "term of use" shall be identified in the grant agreement. For a grant with a subrecipient or business, the grantee shall enforce this requirement with a lien or other legal mechanism between themselves and the subrecipient or business on the property. The term shall be in effect after the occupancy permit is issued. The terms shall be no less than:

FUNDING AMOUNT	LENGTH OF TERM
Up to $400,000 in CDBG funds	10 years after occupancy date
Between $400,001 and $600,000 in CDBG funds	15 years after occupancy date
Above $600,001 in CDBG funds	20 years after occupancy date

If the term cannot be met, the grantee must contact the CDBG Program to discuss future actions and consequences. Options could include changing the use of the building to one that still meets a national objective, or the return of funds based on regulatory requirements. All will be considered on a case-by-case basis.

During the CDBG Term of Use, the grantee shall not, and shall not allow any subrecipient or business to (a) create, incur, assume or suffer to exist any mortgage, pledge, security interest, encumbrance, lien, charge, conditional sale or other title retention agreement, or lien of any kind on property or improvements (or any part thereof or income therefrom) acquired or constructed/renovated with CDBG funds; or (b) make, create, permit or consent to any conveyance, sale, assignment or transfer of the property or improvements (or any part thereof) acquired or constructed/renovated with CDBG funds.

34. Water and Sewer Projects – To meet the national objective for projects involving the construction or extension of water and sewer service, it is mandatory that all households and businesses (if an economic development project) in the service area are connected to the system. The national objective will not be met until all persons, households or businesses are receiving the intended benefit. In the event households refuse to connect, the grantee must document that the households are being charged the monthly cost for the benefit they choose not to use.

The physical connection of households to water and sewer systems is an eligible activity for qualifying LMI households under the national objective of benefit to LMI persons through housing activities. As such, the total household income must be considered and verified to determine the eligibility of the household. Liens are required to protect the benefit.

INELIGIBLE ACTIVITIES:

While eligible for funding under CDBG, the State chooses not to fund the construction or renovation of the following projects:

- ***Fire Stations and related community spaces***

NEW REQUIREMENTS AND POLICIES FOR 2024

1. Build America, Buy America Requirements – The Build America, Buy America Act (BABA) established procurement preferences for all infrastructure projects funded with federal financial assistance. Specifically, BABA requires that all iron, steel, manufactured products and construction materials are produced in the United States. Waivers are allowed if (1) a waiver is in the public interest; (2) the types of iron, steel, manufactured products or construction materials are not produced in the United States in adequate and reasonably available quantities or satisfactory quality; or (3) the application of the domestic content preference would increase the cost of the overall project by more than 25%.

BABA applies to all projects involving construction, alteration/rehabilitation, maintenance or repair of infrastructure. For purposes of BABA, "infrastructure" includes, at a minimum, the structures, facilities and equipment for roads, highways, and bridges; public transportation; dams; water systems including drinking water and wastewater systems; broadband; electrical transmission facilities and systems; utilities; facilities that generate, transport and distribute energy; and buildings and real property. Non-CDBG eligible activities were not included on this list.

Due to waivers HUD has issued, until notified to the contrary, for CDBG funded projects:

- BABA only applies to the purchase of iron and steel and requires that all manufacturing from the initial melting stage through the application of coatings has occurred in the United States;
- BABA only applies to infrastructure projects where the total cost of the project is more than $250,000 and the CDBG funding is the only source of federal funds;
- BABA only applies to housing rehabilitation or renovation projects if the total cost of the work per house is greater than $250,000

If the CDBG funds are used in a project which includes other federal funds, the HUD specific waivers are not applicable, and all BABA requirements will apply. CDBG staff will coordinate with other funding sources to ensure compliance requirements.

Further information will be provided to grantees after awards are made, however, consider these requirements when obtaining estimates for your proposed projects.

2. Housing Rehabilitation Maximum Grant Increase - Due to the high costs of materials and supplies for the rehabilitation of owner-occupied single-family houses, the maximum amount of grant per house is increased to $40,000. Note that despite this increase, the cost benefit determination still applies. The increase in funding changes the term of the liens which will be in the Policies and Procedures Manual.

3. Housing Renovation Maximum Amount – For houses that are renovated as part of an acquisition, renovation and resale program, the maximum amount of CDBG funds to be used per house is set at

$200,000. Waivers of this policy may be considered for extenuating circumstances related to unforeseen factors.

4. <u>Violence Against Women Act</u> – The Violence Against Women Act Reauthorization Act of 2022 (VAWA) included a new requirement for the State and CDBG grantees to support an individual's right to seek law enforcement or emergency assistance. Under the "Right to Report Crime and Emergencies from One's Home," CDBG grantees are to:

● report on the existence of laws or policies they have adopted that impose penalties based on requests for law enforcement or emergency assistance or based on criminal activity that occurred at a covered property; and

● certify that they comply or describe the steps necessary to remedy laws and policies that may be non-compliant. Examples of local laws and actions that may penalize survivors for reporting crimes:

● Nuisance property ordinances that includes fines for an excessive number of calls for emergency or ambulance services and/or incidents of domestic violence;

● Laws that lack exceptions for cases where the resident or tenant is a survivor of domestic violence or another crime, or for calls for emergency assistance by persons with disabilities;

● Laws that do not specify domestic violence as a nuisance but still penalize survivors due to having a broad definition of "nuisance activities: (e.g. disturbing the peace, excessive noise, disorderly conduct, or "excessive" calls to emergency services).

The Right To Report law seeks to eliminate how nuisance ordinances and crime-free programs negatively impact survivors.

These impacts include:

● Dissuading survivors from contacting law enforcement and emergency services for fear of fines, fees and eviction;

● Experiencing homelessness and possibly the loss of children as a result of eviction;

● Compromising future rental eligibility because of an eviction history or criminal history due to a wrongful domestic violence arrest;

● Discriminatory policing disparately impacting survivors in immigrant communities and communities of color due to low thresholds for nuisance enforcement;

● The adverse impact on survivors with disabilities who may require emergency services with some frequency.

<u>APPLICATION SUBMISSION</u>

The following regulations, requirements and policies apply to submission of a CDBG application regardless of funding category.

1. <u>Citizen Participation Requirements</u> – Governments must comply with citizen participation requirements when seeking CDBG funding and implementing CDBG funded projects. The State requires a jurisdiction to adopt and maintain a written *Citizen Participation Plan* which outlines and describes their efforts in soliciting citizen input and responding to concerns and questions. A jurisdiction's *Citizen Participation Plan* is effective for a five-year period. The plan must be current at the time of application. If it is not current or the applicant does not have one, the applicant must adopt and submit a new plan with their application.

2. <u>Public Hearing</u> - A jurisdiction is to conduct at least one public hearing prior to submission of an application for a CDBG project. Failure to conduct the hearing as required will result in the rejection of the application as it will not follow Citizens Participation requirements. Hearings must take place in conjunction with a regularly scheduled meeting of the elected public officials of the municipality or county that is submitting the application(s). At the hearing, the jurisdiction should discuss local community development, economic development and housing needs. While the hearing allows for a jurisdiction to seek input on proposed activities, it should allow for input from the community as to other needs that could be considered.

The public hearing notice must be published in a local newspaper at least five (5) days prior to the date of the hearing. Additionally, the jurisdiction should seek to notify the public with other means such as cable television, posted notices in public places, notices in other local publications, newsletters, government website, etc. The jurisdiction should encourage participation of potential or actual beneficiaries of a project and make accommodations for the disabled. Public hearings shall be conducted in a manner to meet the needs of non-English speaking residents where a significant number of non-English speaking residents can reasonably be expected to participate.

3. <u>Public Review of Application</u> – The public must have the opportunity to review and comment on a draft of the completed application before it is submitted to the State. In the public hearing notice, the applicant must provide the anticipated date the draft application(s) will be available for review as well as the location where it can be found. Failure to advertise and provide the review and comment period will result in rejection of the application during threshold review.

4. <u>Local Resolution</u> - The legislative body of the jurisdiction must pass a resolution authorizing submission of the application, the specific project(s) and the specific amount of funds being requested. The resolution must authorize the application in an amount equal to or greater than the amount requested in the application(s). The resolution must also acknowledge that the signatories understand that repayment of grant funds could be required if the application is funded and the project is not completed or does not meet a CDBG national objective.

If submitting more than one application, the resolution should identify the specific projects and the amount of each project. If the amount identified in a resolution is less than what is identified in the

application, the CDBG staff will review the application to determine if it should be accepted, as only the amount authorized in the resolution can be considered. Applications with this issue will be reviewed on a case-by-case basis. Resolutions passed for previously submitted CDBG applications are not valid and will not be accepted.

5. Residential Anti-Displacement and Relocation Assistance Plan – The State requires jurisdictions to adopt and maintain a written *Residential Anti-Displacement and Relocation Assistance Plan*. While a jurisdiction should make every effort to minimize the displacement of persons or businesses when using CDBG funds, this plan will describe what the jurisdiction will do in the event that it does occur.

Section 104(k) of the HCD Act of 1974, 42 U.S.C. § 5304(k), requires that reasonable relocation assistance be provided to persons displaced as a result of the use of CDBG assistance to acquire or substantially rehabilitate property. Section 104(d) of the HCD Act of 1974, as amended, 42 U.S.C. § 5304(d), requires one-for-one replacement of all low--moderate income dwelling units housing the same number of occupants as could have been housed in the units demolished or converted to another use as a result of CDBG assistance.

A jurisdiction's *Residential Anti-Displacement and Relocation Assistance Plan* is effective for a five-year period. The plan must be current at the time of application. If it is not current or the applicant does not have one, the applicant must adopt and submit a new plan with their application. Please note that a specific plan will be required for approved grants with projects which will result in displacement.

6. Submission By A County For Project in Municipality - A county may submit applications on behalf of municipalities. In such instances, the municipality may not submit a separate application for the same project. The applicant assumes overall responsibility for ensuring that the entire project will be carried out in accordance with CDBG requirements. The applicant must enter into a legally binding cooperative agreement with the municipality.

7. Program Income - Any gross income that will be derived from the use of CDBG funds is Program Income. It is to be returned to the State unless the re-use of those funds is approved by the State. Applicants must submit a *Program Income Re-Use Plan* with their application requesting approval to retain funds at the local level for the same activities if they anticipate that their project will result in Program Income. Approved plans will be identified in the grant agreement for approved applications. A new *Program Income Re-Use Plan* must be submitted with each application. Jurisdictions wishing to retain income must be willing to pass a resolution to repay from general funds any costs that HUD or the State may disallow as a result of the retention and re-use of program income.

Program income must be re-used in a timely manner. If a jurisdiction has a balance of program income at the time of the application, the State may require that it be used as part of the application if it is determined that funds are not being used in a timely manner.

8. Debarment - The applicant is required to complete Debarment Checks on subrecipients or businesses prior to submission of an application. The completed forms do not need to be included with the application unless there is a problem.

9. Audit – Applicants who have never applied to the CDBG Program must provide a copy of their most recent annual financial report/audit and a copy of their most recent single audit, if one was required, with their application. One copy of each is adequate.

10. Mission and Bylaws – Subrecipients included in an application must demonstrate that their organization primarily serves persons who are of low and moderate income and/or a specific population that is eligible for CDBG assistance. This should be clearly written in their mission statement and bylaws which should be submitted with the application.

11. Limited English Proficiency – Applicants are to demonstrate that they complied with their Limited English Proficiency Plan if they are an existing grantee or, if new applicant, they researched the available data to determine if any of their outreach efforts required information to be translated into other languages or if other outreach efforts were required.

12. Policy for New Funds for Previously Assisted Projects - Over the years, DHCD funding through the Division of Neighborhood Revitalization has assisted with the construction and renovation of many building projects throughout the state. We have always encouraged the use of high-quality materials and workmanship. While not mandated, we expected buildings to be maintained to ensure longevity. To that end, as costs increase and funds are limited, we reserve the right to not provide additional funds from the CDBG Program or the State Revitalization Programs (Community Legacy, Strategic Demolition, CORE, Baltimore Regional Neighborhoods Initiative) for previously assisted building projects. In the event this request is funded, maintenance agreements would be required as well as the establishment of maintenance funding accounts. This policy does not apply to the construction of additions or phases previously not funded.

13. Clearinghouse Submission - Applicants must comply with the Maryland Intergovernmental Review and Coordination Process (COMAR 14.24.04). Simultaneous with the submission of any application for CDBG funding, applicants must submit an electronic copy of a project profile to the Maryland State Clearinghouse. The profile must include a cover form; a summary briefly explaining the nature, purpose, scope and justification for the project; a map of the project location and geographic area to be served; a budget identifying all sources and uses of funds; and staffing for the project. Please note that the submission to the Clearinghouse must be submitted by the government applicant, not the subrecipient or business. Comments from this review will be forwarded to the CDBG program.

FUNDING CATEGORIES, RATING AND AWARDS

DHCD reserves the right to award less than the requested amount. Funding recommendations and approvals may result in a decrease to the size, scope and/or costs of the project. A planning grant may be awarded in lieu of requested project funding where further study is deemed necessary.

In addition to the rating and evaluation criteria; CDBG staff, Rating Committees, the Assistant Secretary for Neighborhood Revitalization or the Secretary of DHCD may consider other factors in making funding determinations, including:

- The State's objectives and priorities;
- The availability of alternate or contributing funding sources for the total project or some of its components;
- A reasonable distribution of projects among eligible regions of the State;
- The ability to respond to a locality's special needs;
- The degree of community commitment for the project;
- The previous CDBG investment in a community;
- The ability of applicant, subrecipient or business to borrow funds;
- The commitment and/or input from other funders;
- The cost per person based on the total project cost;
- The amount of CDBG or other DHCD funds awarded for other phases of a multi-phase project; and
- The availability of other resources and/or services in a community.

The State does not provide final scores to applicants but will provide general comments as to strengths and weaknesses of their application.

COMMUNITY DEVELOPMENT CATEGORY

Applications for community development projects are accepted annually on a competitive basis in the spring. The funding round is announced in advance of program opening, and applicants will have 71 days to prepare their applications after the application workshop is held. Any funds not awarded in the competition will be added to the Special Projects category. For the SFY 2024 competitive application round, the maximum amount an applicant may seek is $800,000.

Application Submission Information

The applications are due by Wednesday, June 7th by 2:00 p.m. Those received after the designated date and time will be rejected. One original and three copies of the application are to be mailed or delivered to: DHCD, 7800 Harkins Road, Lanham, MD 20706. Attention: CDBG Program.

Applications are evaluated in a three-step process: threshold review, project evaluation, and funding recommendations. At the completion of the threshold review, applicants will be notified by mail if their application(s) will be reviewed. Applications will be rejected if: 1) the application is not complete; 2) the public hearing process was not done correctly; 3) the draft of the application was not available for public review before submission; 4) the application is not received by the established due date; 5) the proposed project and/or activities do not meet the eligibility requirements; or 6) the applicant does not meet established performance thresholds.

Performance Thresholds

There are performance thresholds related to previous CDBG grants that must be met by applicants. Applicants will be evaluated on their management of existing CDBG grants and must be in compliance with financial, reporting, monitoring, and performance requirements as established each year. *This does not apply to CDBG COVID awards.*

1. Financial - Due to the national crisis, the CDBG Program will be more flexible when reviewing the progress of grants funded in SFY 2021 and 2022. CDBG Project Managers will contact existing grantees with slow moving projects prior to the application due date to discuss progress and issues. Lack of expenditures will be considered when new applications are rated.

Grantees with grants awarded prior to SFY 2020 that are not 100% drawn will not be eligible to submit new applications for funding unless there are extenuating circumstances approved in advance by the program.

2. Reporting – Applicants must be current with submission of any reports due to the program for existing grants.

3. Monitoring – Grantees that have grants with open monitoring issues will be reviewed on a case-by-case basis, taking into consideration the significance of the finding(s) or concern(s), the corrective action(s) taken by the grantee or subrecipient or business to resolve the issue(s), and the timeliness of the grantee in responding.

4. Performance – Grantees that have grants that have expended funds but have moved slowly or failed to perform in conformance with their project schedule will be required to submit additional information related to reasons for delays and poor performance as well as a new timeline. The State reserves the right to determine if the response is sufficient.

Additionally, grantees that have revolving loan funds (RLFs) and program income accounts that were capitalized with CDBG funds will be required to submit information regarding the current fund balance and the most recent activity. This applies to economic development RLFs as well as housing rehabilitation RLFs and program income accounts. Grantees may be required to submit additional information to explain large fund balances and lack of activity. In these instances, the State may take additional actions related to ensuring the grantee utilizes these funds.

Project Evaluation

All applications that meet the threshold criteria will be rated and ranked competitively by a review committee composed of Maryland CDBG Program staff and other departmental staff with participation from other government agencies when appropriate. Applicants will be given an opportunity to respond to questions in a timely manner.

Rating is based on a 150-point scale. Point ranges have been established for each criterion to gauge the extent to which the applicant meets the criterion. The following factors will be considered in determining the points assigned. A copy of the rating form may be obtained from the CDBG program staff.

RANKING FACTOR	MAXIMUM POINTS
PUBLIC PURPOSE - Consistency (10) - Severity of Need (30) - Community Support (5)	**45 Points**
PROJECT IMPACT - Affordability (0) or (5) - Impact on Need (10) or (5) - Benefit to LMI Households (10)	**25 Points**
PROJECT MANAGEMENT - Readiness To Proceed (35) - Accuracy of Costs (10) - Capacity (10)	**55 Points**
LOCAL COMMITMENT / LEVERAGING - Local Commitment (10) - Debt Service (5) - Leveraging (10)	**25 Points**
BONUS POINTS	**15 Points**

Applicants may receive up to 15 bonus points for meeting one or more of the following criteria if sufficiently discussed and/or documented within the application:

Project will use innovative materials or methods (2 Points);

1. Project activities include the acquisition and reuse of foreclosed properties (2 Points);
2. Project activities include the replacement of utilities in existing buildings with energy saving materials (2 Points);
3. Project will use green or energy efficient building materials and practices for new construction or renovation (2 Points);
4. Project activities will eliminate impediments to fair housing in the community (2 Points);

5. Project activities will provide benefit to those serving or have served in the U.S. armed forces (2 Points); or
6. Project activities that benefit the homeless (3 Points).

Public Purpose/Local Need (45 maximum points)

Severity of Need (30 maximum points). Based on the information in the application, the degree of distress and examples provided will determine the number of points awarded. Distress factors considered include the quality and quantity of existing facilities, including the need for rehabilitation or replacement, condition description, age, adequacy or absence of facilities, services, housing etc. Up to twenty (20) points are awarded based on the documented need for new or additional services, new or improved facilities, new or improved infrastructure, or new or improved housing. Up to ten (10) points are awarded where existing physical health and safety conditions of buildings or infrastructure are documented. *Please note that documentation in support of the need is the key to receipt of points.*

Community Support and Involvement (5 maximum points). Points are awarded based on evidence and description of current community support and involvement in the project development and implementation. Letters of general support and participation may include local interest of neighborhood groups, local public or non-profit agencies and individuals that might directly benefit from the project. Applicants should describe the outreach conducted related to the public hearing and the efforts to obtain input from the public and those that might benefit directly from the project(s) included in the application.

Consistency with Local Needs/Plans/Strategies (10 maximum points). Points are awarded based on the degree to which the project is specifically identified and is consistent with a locally developed revitalization strategy, capital improvements plan or comprehensive plan (up to 5 points). Relevant sections must be provided with the applications. Up to five (5) points may be awarded for proposed projects and activities that re-use existing buildings and infrastructure.

Project Impact (25 maximum points)

Affordability (5 maximum points). Points are awarded based on the description and information provided to demonstrate that the services, facilities and housing will be affordable to beneficiaries. *This is only applicable for projects that require payment from beneficiaries.*

Impact on Need (10 maximum points). Points are awarded based on the extent to which the project will address the needs and alleviate the existing problems described by the applicant. *If the above referenced score under Affordability is applied, then only 5 maximum points may be awarded.*

Benefit to Low and Moderate Income (LMI) Households (15 maximum points). Maximum points will be awarded to projects where there is a direct benefit to LMI households/persons. 5 points will be awarded to projects where there is an area wide benefit to LMI persons. No points will be given for slum/blight projects where there is no benefit to LMI persons, or where benefit cannot be determined. If there is more than one national objective, maximum points will be given for the activity that benefits more people.

Project Management (55 maximum points)

Readiness to Proceed (35 maximum points). Points may be awarded for the extent to which the project is ready to proceed, and the implementation schedule is reasonable. The assessment is based on the relative progress of elements such as site control/easements, architectural design or preliminary or final engineering, commitment of other project financing or the development of rehabilitation guidelines. If the applicant is not able to document that other funds are committed, they will not receive any points under this section because the project is not ready to proceed. This category considers the project as a whole but will consider factors such as phases as long as each phase is able to meet a national objective.

An applicant may receive thirty-five (35) points based on the following factors:

1. Construction Projects: Applicant has completed design and/or engineering, has completed acquisition or will complete if applicable within 90 days (does not include easement acquisition), can bid project within 90 days, and is able to start construction within 120 days.
2. Housing Rehabilitation Projects: Applicant has developed or updated all program materials, selected and completed work write-ups for 30% of properties to be rehabilitated, and can bid work in 60 days.
3. Services/Non-Construction Projects: Applicant can demonstrate that program and/or activities can be implemented within 30 days.

An applicant may receive twenty (20) points based on the following factors:

1. Construction Projects: Applicant has completed design and/or engineering, has completed acquisition or will complete if applicable within 120 days (does not include easement acquisition, can bid project within 120 days, and is able to start construction within 150 days.
2. Housing Rehabilitation Projects: Applicant has developed or updated all program materials, selected and completed work write-ups for 15% of properties to be rehabilitated, and can bid work in 90 days.
3. Services/Non-Construction Projects: Applicant can demonstrate that program and/or activities can be implemented within 60 days.

An applicant may receive ten (10) points based on the following factors:

1. Construction Projects: Applicant will complete design and/or engineering within 90 days of the award, will complete acquisition if applicable, within 120 days, and will bid project within 120 days.
2. Housing Rehabilitation Projects: Applicant has developed or updated all program materials, selected and completed work write-ups for 5% of properties to be rehabilitated, and can bid work in 120 days.
3. Services/Non-Construction Projects: Applicant can demonstrate that program and/or activities can be implemented within 75 days.

No points are awarded if the project is not ready to proceed based on the above criteria or if other funds are not committed.

Accuracy of Costs (10 maximum points). Maximum points may be awarded to projects which best document that project costs have been carefully estimated. Estimates should reflect the applicability and impact of Davis-Bacon wage rates, acquisition requirements, relocation or replacement housing requirements. Estimates should be current within six months. Preliminary professional studies, appraisals, tax assessments, wage rate determinations are some examples of acceptable documentation. No points will be awarded if documentation of costs is not submitted.

Administrative Capacity (10 maximum points). Points may be awarded for projects based on the past performance of the applicant or subrecipient with CDBG grants (5 points maximum). Reviewers will consider previous general grant management, financial management and compliance with meeting a national objective. The adequacy of staff to implement the proposed project based on information in Part G of the application will also be considered (5 points maximum).

Local Commitment and Leveraging (25 points maximum)

Local Commitment (10 maximum points). The Department will consider the extent to which local funds will be contributed to the project. Maximum points (10) may be awarded to applicants whose local contribution exceeds 25% of the total project costs. Local contribution of 15%-24% of total project costs receives 8 points. Where there is some local contribution but less than 15% of the total project costs, 5 points are awarded. No points will be given where there is no local contribution. All funds must be documented.

Local funds include cash, debt service and any in-kind contributions which materially contribute to the project completion. In-kind contributions must be documented and may include the donation or long-term lease of land or buildings, appropriation of local revenues, site improvements or installed infrastructure, deferral of real estate taxes, abatement or payment in lieu of taxes. The contribution may be provided by the local government or directly by subrecipient or business.

Debt Service (5 points). Applications will receive 5 points if the funding sources include loans (including federal and state loans) borrowed specifically for the project that have been secured by the local government, subrecipient or business. Applicants shall provide executed copies of loan documents as evidence. This does not apply to forgivable loans or those that are deferred for an extended period of time.

Leveraging (10 maximum points). The Department will consider the extent to which local and CDBG funds are used to leverage other public and private funds (non-local). Points will be awarded based on the documented commitment of funds specifically identified to supplement CDBG funds. Maximum points (10) will be awarded for projects where 50% or more of the project costs are from sources other than local or CDBG. If less than 50% of the project costs are from sources other than CDBG and the locality, five (5) points are awarded. The application will receive no points for leveraging if other funding sources are available but are not sought or approved. Leveraged funds include other public or private grant funds and individual or corporate donations.

Funding Recommendations

The highest rated applications are recommended for funding until the available funding for the round are exhausted or the next highest rated project requests more funds than are available and the project cannot be phased. In that case, the next highest scoring project may be funded. In case of a tie score, the application with the highest combined score on Public Purpose/Local Need and Project Management is funded first. The Maryland CDBG program has established a minimum point standard of 105 (70%). Applications that receive less than 70% of the total points are generally not recommended for funding. As noted at the beginning of this section, the State may consider other factors when making awards. In these cases, the other factors will be documented in the State's records.

The recommendations of the Rating Committee for both approval and rejection of applications are reviewed by the Assistant Secretary for Neighborhood Revitalization and presented to the Secretary of DHCD for final approval. Awards are expected to be announced within approximately 90 days of the application submission deadline.

SPECIAL PROJECTS CATEGORY

Under the Special Projects Category, funds are set aside to fund special projects, planning activities and economic development projects. There are specific criteria and requirements required for each type of project. All applications will be considered on a "first-come, first-serve" basis once received and determined to be complete. Funds will not be "held" or "reserved" for applicants in the process of applying or submitting materials to complete their application.

Grantees that have revolving loan funds (RLFs) and program income accounts that were capitalized with CDBG funds will be required to submit information regarding the current fund balance and the most recent activity. This applies to economic development RLFs as well as housing rehabilitation RLFs and program income accounts. Grantees may be required to submit additional information to explain large program income balances and lack of activity. In these instances, the State may take additional actions related to ensuring the grantee utilizes these funds.

Special Projects

Special Projects applications are those submitted after the annual competitive round has been completed. They are for projects that have become a high priority based on an opportunity or due to a critical or time sensitive need. Applicants must consult with CDBG Program staff and receive written approval to submit an application. Staff will consider whether the proposed project would meet a CDBG national objective, be eligible under the program, be able to be implemented in a timely manner, and if it meets one of the State's program objectives. Additionally, performance related to existing grants, if any, will be considered by staff in addition to CDBG eligibility requirements when making approvals. The maximum amount an applicant may seek is $800,000.

A threshold review will be conducted to determine if the application is complete, the requested project will meet a CDBG national objective, and specific activities are eligible. Applications will be rated using the same rating factors used for the Community Development category. The minimum point standard of 105 points applies to Special Projects applications.

The State may also use funds from this category to fund requests for additional funding for existing grants for a variety of reasons. If the request is due to a shortfall for a previously funded project, additional funds will only be considered if there are extenuating circumstances surrounding the shortfall. If the amount needed is greater than $75,000, grantees must apply for funding through the next Community Development application round unless it is determined that timing is critical. Grantees must provide a written explanation of the reasons for the shortfall, including:

1. the reasons for the request for additional funds;
2. verifiable documentation of a significant increase in beneficiaries;
3. proof that all alternate funding sources have been exhausted; and
4. documentation of any negative impact on the community if the project is not completed.

Within thirty days of the threshold review approval, a recommendation is made to the Assistant Secretary for Neighborhood Revitalization and to the Secretary of DCHD for final approval.

Planning

Planning activities are eligible for CDBG funding. Applicants may seek up to $50,000 for planning grants. A match is required but no more than 5% can be in-kind. Applicants must consult with CDBG Program staff and receive written approval to apply. Staff will consider whether the proposed project would meet a CDBG national objective, be eligible under the program, be able to be implemented in a timely manner, and if it meets one of the State's program objectives. Additionally, performance related to existing grants, if any, will be considered by staff in addition to CDBG eligibility requirements when making approvals.

A threshold review will be conducted to determine if the application is complete, the requested project will meet a CDBG national objective, and specific activities are eligible. Applications will be rated using the same rating factors used for the Community Development category. The minimum point standard of 105 points applies to Planning applications.

Planning activities are traditional planning activities such as comprehensive plans, community development plans, downtown studies, and capital improvements plans. Additional planning activities include feasibility studies, preliminary engineering, preliminary design, and building condition studies. Projects are qualified based on national objective eligibility.

Within thirty days of the threshold review approval, a recommendation is made to the Assistant Secretary for Neighborhood Revitalization and to the Secretary of DHCD for final approval.

Economic Development

Funding may be used for a variety of economic development activities which support local economic development initiatives either by direct public improvements to facilitate new business and/or industry or through direct assistance to businesses. Applicants must consult with CDBG Program staff and receive written approval to submit an application. Staff will consider whether the proposed project would meet a CDBG national objective, be eligible under the program, be able to be implemented in a timely manner, and if it meets one of the State's program objectives. Additionally, performance related to existing grants, if any, will be considered by staff in addition to CDBG eligibility requirements when making approvals. The maximum amount an applicant may seek is $800,000.

A threshold review will be conducted to determine if the application is complete, the requested project will meet a CDBG national objective, and specific activities are eligible. Applications will be reviewed and rated using factors described later in this section.

The State will accept funding for the following economic development projects:

1. <u>Job Creation</u> – If the applicant is seeking funds to assist an identified business in a project that results in job creation, 51% of all jobs created must be taken by LMI persons. All jobs must be permanent, full-time jobs. The job counting begins once the grant activities are completed. Additionally, the State may impose a retention period for the jobs once created.

The business must provide a written commitment to meet the CDBG job creation standard of creating a specific number of jobs of which 51% or more of them will be taken by persons of low and moderate income. This must be provided with the application. Other application submission materials are described below and within the application document.

2. <u>Job Retention</u> - If the applicant is seeking funds to assist an identified business with job retention, there must be clear and objective evidence that permanent, full-time jobs will be lost without the CDBG assistance. Applications must include:

• evidence that the business has issued a notice to affected employees or made a public announcement to that effect; or

• analysis of relevant financial records which clearly and convincingly shows that the business is likely to have to cut back employment in the near future without the planned intervention.

The business must provide a written commitment to meet the CDBG job retention standard of retaining 51% or more of an agreed upon number of employees that are of low and moderate income at the time of the CDBG assistance. This must be provided with the application. Other application submission materials are described below and within the application document.

Applicants must provide the following information on the business to be assisted. If more than one, please provide information for each.

1. Name of Business

2. Ownership of Business

3. Business Management

4. Company History including start-up date, type of operation, progress and number of

   employees to date

5. Current Location(s)

6. Product Line or Service

7. Discuss their market area(s) including geography, major customers and other characteristics

8. Certificate of Good Standing from the State of Maryland if an existing business.

For projects which provide CDBG assistance as a financing measure to profit making businesses, discuss the need for financial assistance. Attach three years of historical financial statements and personal financial statement for principal owner(s) and five-year pro-forma. Explain the basis for requesting assistance (e.g., gap financing). Additional financial information may be requested.

Applications will be reviewed and considered based on the following:

1. Costs – All costs must be reasonable and necessary.

2. Leverage – All applications must include the leveraging of other funds. Those applications providing 50% or more of other funds will be provided maximum consideration. In-kind services cannot exceed 10% of the total budget.

3. Readiness to Proceed – Maximum consideration will be given to: 1) applications for construction activities which are able to be bid within 90 days and to start construction within 120 days; or 2) applications for acquisition of land or relevant equipment to be acquired within 120 days.

4. Administrative Capacity - The staffing plan must be sufficient to administer the grant activities.

5. Past Performance - The past performance of the applicant with CDBG grants will be considered with respect to general grant management, financial management and compliance with meeting a national objective.

6. Outcomes – Maximum consideration will be given to those projects that create or retain a high number of jobs.

7. Cost Per Job – The cost per job must not exceed $20,000. Maximum consideration will be given to those applications where the cost per job does not exceed $10,000.

Projects may be subject to Public Benefit Standards and Underwriting Guidelines. It depends on the structure of the application.

There is a prohibition on the use of CDBG funds for job-pirating activities. Specifically, funds cannot be used as an incentive for a business to relocate to another community.

The following types of businesses are not eligible for assistance with CDBG funds: adult bookstores, video shops or other adult entertainment facilities, check cashing facilities, gambling facilities, gun shops, liquor stores, massage parlors, medical marijuana production or distribution businesses, pawn shops, tanning salons, or tattoo parlors. Additionally, assistance to a professional sports team or a privately-owned recreational facility that serves a predominantly higher-income clientele where the recreation benefits to be derived by users or members clearly outweighs the employment of or other benefits to low- and moderate-income persons is also prohibited.

Within thirty days of the threshold review approval, a recommendation is made to the Assistant Secretary for Neighborhood Revitalization and to the Secretary of DHCD for final approval.

Flood Relief for Homeowners Initiative

New for 2024, the CDBG Program has set aside $1 million for an initiative to be used to move families out of areas that have repetitive flooding. Funding can be used for acquisition of property and demolition of houses and auxiliary buildings on the property. These activities qualify under the CDBG national objective of the elimination of slum and blight on a spot basis, however, the program is limited to properties owned and occupied by low- or moderate-income households. This is a voluntary program and no relocation costs will be provided.

Requirements and criteria include the following:

- Properties must be owned and occupied by low- or moderate-income households who are income certified using the HUD Part 5 income calculation process.
- Eligible properties must be located in special flood hazard areas, 100-year old floodplains, regulatory floodways or coastal high hazard areas.
- Properties must have suffered repetitive flooding which is supported by documentation including photographs and insurance reports.
- Acquired properties must be cleared of all structures and debris.
- The grantee must retain ownership of the cleared property in perpetuity and may not construct

any buildings or infrastructure on the vacant parcel per deed restriction. The site can be used for passive recreation activities after the grant is closed.

- Eligible activities include acquisition, demolition and clearance, and project administration costs.
- Acquisition is subject to the requirements of the Uniform Relocation Act which mandates grantees to follow a specific process and obtain at least one appraisal and a review appraisal to determine fair market value.
- All activities must be completed with one year of the award.

A specific application will be made available upon request. Applicants must comply with all application submission requirements. A threshold review will be conducted to determine if the application is complete, the requested project will meet a CDBG national objective, and specific activities are eligible. If an application passes threshold review, it will be recommended for funding within thirty days of the threshold review approval to the Assistant Secretary for Neighborhood Revitalization and to the Secretary of DHCD for final approval.

Funds will be available on a first come, first serve basis. In January of 2024, any funds not awarded may be used under the Special Projects Category.

ADDITIONAL PROGRAM POLICIES AND PROCEDURES

1. Funds Transfer - A review of the balance of available funds from the previous fiscal year will occur prior to the award of grants through the annual Community Development competitive round. Available funds will be used prior to the use of 2023 grant funds. Funds not used for the Community Development awards will be used as needed for the Special Projects category. Therefore, amounts funded in each category could exceed what is identified in the policy guide.

2. Grant Periods - Grants are awarded for a twenty-four (24) month period, except planning grants, which are expected to be completed in twelve (12) months. *The grant period is related to the expenditure of the grant funds only.* No formal amendment is required for the additional time necessary for a grantee to satisfy a national objective or to satisfy corrective actions related to monitoring findings or matters of concern. Time extensions are granted only where circumstances are beyond the grantee's control.

3. Grant Amendments - Circumstances or conditions may develop during project implementation which could prompt the grantee to request, in writing, an amendment to the grant for reasons other than for additional funding (which is addressed under the Special Projects section of this manual). Accordingly, grantees must obtain approval for amendments in the following instances:

- if the addition of a new, or deletion of an existing activity or project is proposed;

- if activities in an area other than the approved target or project area are proposed;
- if the scope of the existing project or activities will change (i.e., number of beneficiaries);
- if a budget revision is proposed resulting in a transfer between approved budget line items in excess of ten percent of the grant award;
- in other instances where DHCD determines an amendment to be appropriate, such as where technical changes in legal or administrative terms occur.

The request for a grant amendment shall provide sufficient information to explain and justify the proposed changes. The CDBG Program may determine that an amendment to a grant agreement requires additional actions. The grantees will be notified in writing if they have to complete any of the following requirements:

- additional citizen participation efforts;
- additional review by the State Clearinghouse; or
- additional environmental review.

The request for a grant amendment will be reviewed on the basis of eligibility and the evaluation criteria applicable at the time of the amendment request.

A time extension may be granted, generally for one year, when it is determined by the program that the grantee will not expend grant funds by the completion date established in the grant agreement. The time extension is processed by the program and is not subject to the requirements of project amendments listed above. The program reserves the right to determine the length of time for the amendment.

Note that if an applicant is awarded funds through the Community Development category for another phase of a project which benefits the same beneficiaries as an open grant, that open grant will be amended to include the new award and for time.

4. Financial Penalty - ERR – The Environmental Review and Request for Release of Funds must be submitted for approval by DHCD within 75 days of the grant award date. Failure to do so will result in a 2% financial penalty of the grant award. The penalty will be assessed initially from administrative funds awarded. If no administrative funds were awarded, then project funds will be recaptured. The exception shall be for projects with issues identified through screening letters where the CDBG Environmental Officer has been notified in writing. Further delay in completing the Environmental Review and obtaining a Release of Funds could result in the termination of the grant.

5. Financial Penalty – Minimum Expenditure - For each grant, the grantee must request payment of a minimum of 5% of grant funds within 180 days of the grant award date. Failure to do so will result in a 5% penalty of the grant award each month until funds are drawn. The penalty will be assessed initially

from administrative funds awarded. If no administrative funds were awarded, then project funds will be recaptured. Exceptions to this policy will be considered on a case by case basis.

6. Monitoring and Close Out of Grants - Grants will be officially monitored by CDBG Program staff for compliance with federal and state regulations and requirements and to ensure that the national objective has been met. Some grant activities may be monitored by a specific compliance specialist or by their Project Manager at different stages of the implementation of the grant. All projects are considered "open" until they have been fully monitored and all issues are resolved. The State will issue a Close Out letter to the grantee when it has been formally closed. Grant files and records must be retained by the grantee for a five (5) year period after closing out of the State's grant by HUD.

7. Recapture and Repayment of Funds - Any funds recaptured through grant termination, repayment due to monitoring findings, or completion of an activity at a cost savings will be available for redistribution to eligible projects. DHCD may retain eligible amounts of repaid or recaptured funds for State administrative and technical assistance costs.

8. Suspension of Method of Distribution for Presidential Disaster Declarations - In the event of a Major Disaster Declaration by the President of the United States for a city, town, or county located in the State of Maryland, the Secretary of DHCD shall have the authority to waive the Method of Distribution or any other State policies for the CDBG program to address emergency needs of impacted communities. This will be done in consultation with HUD and the program will operate within the parameter of the law or laws addressing the CDBG program.

ELIGIBLE NON-ENTITLEMENT GOVERNMENTS

Allegany County – Town of Barton, Lonaconing, Luke, Midland, Westernport, the City of Frostburg and Allegany County

Anne Arundel County* – Town of Highland Beach

Calvert County – Towns of Chesapeake Beach and North Beach and Calvert County

Caroline County – Towns of Denton, Federalsburg, Goldsboro, Greensboro, Henderson, Hillsboro, Marydel, Preston and Ridgely and Caroline County

Carroll County – Towns of Hampstead, Manchester, Mount Airy (part), New Windsor, Sykesville, Taneytown, Union Bridge, the City of Westminster and Carroll County

Cecil County – Towns of Cecilton, Charlestown, Elkton, North East, Perryville and Port Deposit, Chesapeake City and Cecil County

Charles County – Towns of Indian Head, La Plata, and Port Tobacco and Charles County

Dorchester County – Towns of Brookview, Church Creek, East New Market, Eldorado, Galestown, Hurlock, Secretary and Vienna, City of Cambridge and Dorchester County

Frederick County – Towns of Brunswick, Burkittsville, Emmitsburg, Middletown, Mount Airy (part), Myersville, New Market, Rosemont, Thurmont, Walkersville and Woodsboro and Frederick County

Garrett County – Towns of Accident, Deer Park, Friendsville, Grantsville, Kitzmiller, Loch Lynn Heights, Mountain Lake Park and Oakland and Garrett County

Kent County – Towns of Betterton, Chestertown, Galena, Millington and Rock Hall and Kent County

Montgomery County* – Towns of Chevy Chase View, Chevy Chase Village, Chevy Chase Village (Sec.3), Laytonsville and Village of Martin's Additions

Queen Anne's County – Towns of Barclay, Centreville, Church Hill, Queen Anne (part), Queenstown, Sudlersville and Templeville and Queen Anne's County

St. Mary's County – Town of Leonardtown and St. Mary's County

Somerset County – Town of Princess Anne, City of Crisfield and Somerset County

Talbot County – Towns of Easton, Oxford, Queen Anne (part), St. Michaels and Trappe and Talbot County

Washington County – Towns of Boonsboro,Clear Spring, Funkstown, Hancock, Keedysville, Sharpsburg, Smithsburg and Williamsport

Wicomico County – Towns of Delmar, Fruitland, Hebron, Mardela Springs, Pittsville, Sharptown

and Willards

Worcester County – Towns of Berlin, Ocean City and Snow Hill, Pocomoke City and Worcester County

*County is not eligible to apply

EXHIBIT 2: HOME METHOD OF DISTRIBUTION

The Maryland HOME Investment Partnerships Program (HOME) can be used for a variety of housing activities, according to local housing needs. Eligible uses of funds include tenant-based rental assistance; housing rehabilitation; assistance to homebuyers; and new construction of housing. HOME funding may also be used for site acquisition, site improvements, demolition, relocation, and other necessary and reasonable activities related to the development of non-luxury housing.

Funds may not be used for public housing development, public housing operating costs, or for Section 8 tenant-based assistance, nor may they be used to provide non-federal matching

contributions for other federal programs, for operating subsidies for rental housing, or for activities under the Low-Income Housing Preservation Act.

All housing developed with HOME funds must serve low- to very low-income families. For rental housing, at least 90 percent of the families benefited must have incomes at or below 60 percent of the area median income; the remaining 10 percent of the families benefited must have incomes at or below 80 percent of area median income. Homeownership assistance must be to families with incomes at or below 80 percent of the area median income. Each year, HUD publishes the applicable HOME income limits by area, adjusted for family size.

HOME-assisted rental units must have rents that do not exceed the applicable HOME rent limits. Each year, HUD publishes the applicable HOME rent limits by area, adjusted for bedroom size. For projects with five or more HOME-assisted rental units, 20 percent of the units must be rented to very low-income families.

HOME-assisted homebuyer and rental housing must remain affordable for a long-term affordability period, determined by the amount of per-unit HOME assistance or the nature of the activity. HOME-assisted homebuyer housing is also subject to resale or recapture requirements.

The State of Maryland must provide a 25 percent match of their HOME funds. In addition to this is also set aside at least 15 percent of our allocations for housing to be owned, developed, or sponsored by community housing development organizations (CHDO).

The State of Maryland HOME funds will be used to increase the number of housing units for very low-income individuals and households. HOME funds will be targeted for the lowest income households as follows:

For rental housing projects, HOME funds will be targeted to serve households at or below 80 percent of the area median household income, adjusted for household size, and determined annually by HUD.

Single Family rehabilitation/reconstruction loans, acquisition/rehab/resale loans and loans for Homeownership assistance will be targeted to households at or below 80 percent of the area median household income, adjusted for household size and determined annually by HUD.

For homeownership projects, HOME funds will be targeted to serve households at or below 80 percent of the area median household income, adjusted for household size, and determined annually by HUD.

DHCD will use the HOME affordable homeownership sales price limits provided annually by HUD when determining the maximum mortgage/loan amount for projects.

Maryland HOME funds will generally be used for projects in conjunction with the existing housing programs of DHCD as well as for projects without other State financing. Through the HOME Special Reserve Fund, HOME funds will be used to fill a need not met by existing housing programs. HOME funds can also be used when an existing CDA program has encumbered most of all available funding.

FEDERAL FISCAL YEAR 2023 / STATE FISCAL YEAR 2024 ALLOCATION

The State will receive $7,419,907 for FFY 2023 (SFY 2024). The award will be divided into the following categories:

STATE OF MARYLAND HOME ALLOCATION –FFY 2022, SFY 2023	
Administrative Allowance	$741,990.70
CHDO Operating Assistance	$ -0-
CHDO Reserve Projects	$1,112,986.05
Multi-Family Projects	$5,564,930.25
Single Family Projects	-0-
TOTAL	$7,419,907.00

As noted above, in addition to the regular HOME allocation, DHCD expects to receive approximately $2 million in HOME program income in the coming year. DHCD will continue to use the 10 percent of program income received for administrative costs as allowed under HUD regulations.

Use of HOME Funds

HOME funds will be used for projects in conjunction with the existing housing programs of DHCD as well as for projects without other State financing. Through the HOME Special Reserve Fund, HOME funds will be used to fill a need not met by existing housing programs. HOME

funds will also be used when an existing CDA program has encumbered much of all available funding

1. HOME Special Reserve Fund

The HOME Special Reserve Fund has replaced the HOME Initiative Program which was terminated in 2013. The Special Reserve Fund will be used for special projects or programs that further the mission of DHCD. DHCD will announce the availability of these funds and the funds will be allocated on a first-come, first-serve basis with priority given to Community Housing Development Organizations (CHDOs) that produce CHDO reserve eligible projects.

The HOME Special Reserve Fund will be used to finance programs, projects and activities that fill a need not met by other DHCD housing programs or for any other existing CDA program which has fully encumbered the majority or all of the available funds for that particular activity, but which promotes the development of affordable, safe and sustainable housing for homeowners, renters, and special populations.

Local governments, non-profit sponsors and developers may propose projects or programs for the use of these funds or DHCD may have projects and program concepts it may wish to test.

Special Reserve Fund applications will be reviewed, and funds will be allocated on a first- come, first- serve basis, with awards recommended to the Director of the Community Development Administration and HFRC for approval (if the applications are part of a competitive round). Applications from Community Housing Development Organizations (CHDOs) and non-profit organizations as well as local governments applying in conjunction with non-profits will be given priority. Other rating criteria will be readiness to proceed, demonstrated ability, matching contributions, geographic distribution and performance and disbursements on prior HOME awards. DHCD may fund up to 5% of the award to be used for administrative cost.

2. Other DHCD Programs

FFY 2023 HOME funds in the amount of $6,677,916.30

will be used in conjunction with on-going DHCD housing programs to fill gaps in funding, make projects feasible and increase the number of low-income persons able to be served in State-funded projects.

- HOME funds will be disbursed among DHCD program areas listed below:
- Multifamily Housing Programs
- Single Family Programs

The HOME funds will be allocated to these uses for up to eight months. After that time, unencumbered funds may be moved to any other HOME uses to meet additional demand for funds or for special projects.

A. Multifamily Housing Programs

Rental housing projects will use HOME funds in conjunction with the Rental Housing Fund. HOME funds will be used in projects utilizing any combination of State funds, bond funds, or low-income tax credits administered by DHCD or may be used with no other State funds. HOME funds may be requested by sponsors and/or local governments as part of the project application or DHCD staff may, in consultation with sponsors and local governments, propose the use of HOME funds during project evaluation. HOME and any other DHCD funds will be awarded to projects at the time of reservation of Rental Housing Funds.

HOME funds may be used as broadly and flexibly as is permitted by federal regulations to address the unique underwriting needs of each project and the number of very low-income tenants to be served. The ratio of HOME units to total units will generally be proportional to the ratio of HOME funds used in a project to total costs.

Multifamily Rental Housing Projects are solicited through an annual round of funding. When projects have met the requirements of the round HOME funds are requested to fill any funding gap.

B. Single Family Programs

HOME funds will be used in conjunction with DHCD's forward reservation programs for home ownership projects as well as for home ownership projects such as the Maryland Mortgage Program (MMP). HOME funds may be used for "soft seconds" to reduce the cost of the home to the borrower, for land or for other development costs, and for construction financing. Just as with rental housing projects, project applications may include requests for HOME funds or DHCD staff may propose the use of HOME funds during underwriting.

HOME funds may also be used for the development of group home projects that assist income-eligible persons with special housing needs. The HOME funds may be used in conjunction with State funds, or bond-funded group homes made under the Special Housing Opportunity Program (SHOP). HOME funds will help ensure that group home projects, with their limited repayment ability, are made feasible.

In addition, HOME funds will be used in conjunction with the Single-Family Programs' rehabilitation and special purpose programs. Although these programs; Maryland Housing Rehabilitation Program (MHRP), Indoor Plumbing Program (IPP). Accessible Home for Seniors

Programs (AHSP) and Lead Paint Programs (LHRGLP) have flexible loan terms, there are still applicants who cannot be served due to underwriting requirements associated with those programs. In some cases, combining HOME with these programs could make assistance possible by providing more favorable financing terms than permitted by State-funded programs. HOME funds may be used for replacement house projects in cases where rehabilitation is not possible or cost effective. HOME may also be used as stand-alone funding when other sources are not available.

Community Housing Development Organizations (CHDO) may also use HOME funds for acquisition of a property for resale or rental in conjunction with these Special Programs i.e. HOME funds for acquisition and Special Program funding for rehabilitation.

The State of Maryland may use HOME funds for tenant based rental assistance on a limited basis, including using HOME funds for security deposit assistance and to help victims of disaster.

3. DHCD Administrative Fees and CHDO Operating Assistance

The balance of the HOME funds - $758,135.20 will be allocated as follows:

• $728,135.20 will be used by DHCD for administrative expenses associated with administering the HOME program. The amount set-aside for administrative expenses includes 10% of the FFY2023 regular HOME allocation and 10% of any program income received.

$ 30,000.00 will be set-aside for CHDO operating assistance. Guidelines for awarding HOME operating assistance to certified CHDOs conducting business in communities designated as HOME non-Participating Jurisdictions (non-PJs) are outlined in Attachment I. Under federal law, a CHDO may not receive HOME support that provides more than 50% of its operating budget in any fiscal year, or $50,000, whichever is greater. Under DHCD policy, operating assistance funds available to CHDOs in any fiscal year will be capped at $50,000*. This amount does not include funds for operating expenses and pass-through funds provided through intermediary organizations exclusive of the State of Maryland selected by HUD.

All current State certified CHDO's will require re-certification prior to any operating assistance being awarded.

Eligible Activities

- **Housing Rehabilitation**
- **Homebuyer Assistance**

- **New Construction**
- **Acquisition/Rehab Resale**
- **Acquisition/Rehab/Rental**
- **Reconstruction**
- **Demolition**
- **Relocation**
- **Tenant-based rental assistance**

Eligibility Requirements

- Homeowners and tenants must meet the area median household income limits published annually by HUD. All household income will be considered for eligibility purposes.
- Homeownership Sales Value Limits may not exceed the values for the area as published annually by HUD.
- Rents for HOME units must adhere to the Fair Market Rents published by HUD annually.
- Rental projects must meet the subsidy limits published by HUD
- All projects must meet the occupancy requirements during the affordability period

Application Process

- Single Family homeowner projects are submitted to the State directly or through one of our participating local agencies. These applications are reviewed on a first come first serve basis and must meet the eligibility requirements.
- Multifamily applications are submitted through an annual round of funding announced by our department. Application will be reviewed to ensure compliance with the threshold requirements.

PROGRAM REGULATIONS, REQUIREMENTS AND POLICIES

Submission of application

1. Acquisition - Uniform Relocation Act – Grantees must comply with the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (49 CFR Part 24) when acquiring property and permanent easements that are required for a project, or when residents or businesses are displaced as a result of a project. Additional regulations regarding relocation of displaced persons or businesses are found in 24 CFR Part 42 and Section 104(d) of the HCD Act.

2. Environmental Review – Grantees must comply with the National Environmental Policy Act of 1969 and other federal laws which are specified in 24 CFR Part 58. This review must be completed prior to the initiation of project activities regardless of the funding source. Where required no activities are to begin until a Release of Funds has been issued by HUD.

3. Fair Housing and Equal Opportunity – All agencies must comply with numerous federal laws, regulations, and Executive Orders The most relevant regulations are related to non-discrimination when using HUD funding programs; non-discrimination and equal opportunity in housing; non-discrimination on the basis of race, color, religion, sex, national origin, handicap or familial status in programs and activities receiving or benefiting from federal assistance; and employment and contracting opportunities for lower income persons or minority businesses.

4. Fair Housing and Equal Opportunity – Disadvantaged Businesses – When procuring construction or services, grantees are to take affirmative steps to solicit bids from minority owned businesses (MBE) and women owned businesses (WBE).

5. Fair Housing and Equal Opportunity – Section 3 – When procuring construction or services when it is anticipated that the contracts will exceed $200,000, grantees must comply with Section 3 of the HCD Act of 1968 which requires that employment and other economic opportunities be made available to Low-to-Very Low-income persons. Note that this regulation will soon undergo major revisions.

6. Housing - Broadband – Per revisions to 24 CFR Part 570.482, the use of HUD funding for the construction or substantial rehabilitation of a building with more than 4 rental housing units requires the installation of broadband infrastructure to provide access to internet connections in individual housing units. It must meet the definition of "advanced telecommunications capability" determined by the Federal Communications Commission under Section 706 of the Telecommunications Act of 1996.

Substantial rehabilitation is defined as: 1) complete replacement of the electrical system or other work for which the pre-construction cost estimate is equal to or greater than 75% of the

cost of replacing the entire system in the building undergoing rehabilitation; or 2) rehabilitation of the building undergoing rehabilitation where the pre-construction estimated cost of the rehabilitation is equal to or greater than 75% of the total estimated cost of replacing the housing after the rehabilitation has occurred. The replacement cost is for the building undergoing rehabilitation only.

Exceptions may be granted by the State if it is determined: 1) the location of the new construction or substantial rehabilitation makes installation of broadband infrastructure infeasible; 2) the cost of installing broadband infrastructure would result in a fundamental alteration in the nature of its program or activity or is an undue financial burden; or 3) the structure of the housing to be substantially rehabilitated makes installation of broadband infrastructure infeasible.

7. Housing – Homeownership Financial Assistance - If HOME funds are used to provide financial assistance (i.e. down payment and/or closing costs) to homebuyers a lien will be placed on each property which receives assistance as follows. The length of the affordability periods are as follows:

- **Assistance up to $15,000 five (5) years;**
- **Assistance $ 15,000- $ 40,000 ten (10) years.**

  More than $ 40,000 fifteen (15) years

8. Housing – Housing Rehabilitation Program Policy –for single family, owner occupied housing rehabilitation all housing must be improved and meet local livability code requirements or housing quality standards upon completion of improvements

9. Housing - Rental Housing Affordability Periods:

Assistance up to $15,000 five (5) years;

Assistance $ 15,000- $ 40,000 ten (10) years.

More than $ 40,000 fifteen (15) years

New Construction of rental housing twenty (20) years

Refinancing of rental housing fifteen (15) years

The State may institute stricter affordability periods

10. Insurance - Flood – Flood insurance is required for all buildings (including housing) acquired, rehabilitated or renovated that are in the floodplain. Insurance is to be maintained for the term of use, lien period, or loan term.

11. Insurance – Homeowner or Building – Homeowner or building insurance is required for all buildings acquired, constructed or renovated with HOME funds. The grantee is required to ensure that sub recipients, businesses and homeowners maintain enough replacement insurance. Files must contain appropriate documentation. Insurance is to be maintained for the term of use, lien period, or loan term.

12. Labor - Davis Bacon and Related Acts – Funded HOME projects Federal (Davis-Bacon) wage requirements are made applicable to the HOME program by Section 286 of the NAHA which provides, in part, as follows:

"Any contract for the construction of affordable housing with 12 or more units assisted with funds made available under this subtitle shall contain a provision requiring that not less than the wages prevailing in the locality, as predetermined by the Secretary of Labor pursuant to the Davis-Bacon Act..., shall be paid to all laborers and mechanics employed in the development of affordable housing involved,...."

HUD regulations (24 CFR 92.354) paraphrase the statutory provision and clarify that the contract for construction must contain these wage provisions if HOME funds are used for any project costs, including construction or no construction costs, for housing with 12 or more HOME-assisted units. The regulations further explain that a construction contract that includes a total of 12 or more HOME-assisted units is covered by Davis-Bacon requirements even if the contract covers more than one HOME "project" and prohibits arranging multiple construction contracts within a single project for the purpose of avoiding Davis-Bacon coverage. Once triggered, the wage provisions apply to the construction of the entire project - HOME-assisted and non-assisted portions, alike.

13. Lead Paint – Grantees must comply with 24 CFR Part 35 and 40 CFR Part 745 when undertaking renovation, repair or painting activities that disturb painted surfaces in houses, buildings converted into housing, homeless shelters, and several other types of projects in buildings that were built before 1978. As of April 22, 2010, work performed as identified in the regulations must be completed by certified firms using certified renovators and workers trained in lead-safe work practices established by the Environmental Protection Agency.

14. New Construction – Prohibition New construction sites must not be located in an area of minority concentration and must not be located in a racially mixed area if the project will cause a significant increase in the proportion of minority to non-minority residents in the area.

15. Program Income - The State may receive program income from time to time as a result of the prepayment of loans or from debt service payments. Any program income received will be used in accordance with the requirements of 24 CFR Part 92

Resale/Recapture pursuant to Section 92.2574(a)(4)(ii) of the regulations, the State has selected the option to recapture the full HOME Investment from the net proceeds of the sale of a house, which was purchased with the assistance of HOME funds.

Compliance during the affordability period is achieved through monitoring of all borrowers to confirm the property is still their primary residence.

Should a homeowner want to refinance their first mortgage during the term of the HOME loan, the request will be reviewed to ensure that it meets the requirements of Subordination Policies.

The Department shall determine whether the loan of HOME funds has been forgiven because the homeowner has owned and occupied the house for a required minimum period of 5, 10, or 15 years in accordance with the terms of the loan.

If the homeowners have not owned and occupied the property during the minimum affordability period, payment will be required as discussed further under "Guidelines" below.

Guideline - Recapture of HOME Funds:

HOME loan funds are used for direct subsidy to assist homebuyers with down payment and closing costs, as well as mortgage write-down assistance, to enable them to purchase a home. Each homebuyer assisted with HOME funds is required to sign a written agreement detailing the terms and conditions of their HOME loan, prior to receiving the loan. A deed of trust is recorded against the purchased property securing the HOME funds. This lien is non-interest-bearing loan. The loans contain an affordability period of 5, 10 and 15 years. The Loan shall be forgiven if the Borrower owns and occupies the Property during the affordability period. Repayment of the loan is required if the property is no longer the borrower's primary residence. In the event of sale or transfer of all or any portion of the Property by the Borrower or a holder of a senior lien through a foreclosure the entire amount borrowed will be due. However, the repayment may be limited to net proceeds if the amount of the net proceeds is lesser than the original amount borrowed. The term "net proceeds" means the proceeds from the sale of the Property less the unpaid principal balance of any superior and subordinate non-governmental or private loans to the Loan.

Recapture may only be made if there are enough net proceeds. The net proceeds from the sale of a. house will be distributed as follows:

1) a) To pay the balance due on any superior loan and to pay any required closing costs;

b) To pay the HOME funds, subject to (2) below;

c) To pay the balance due on any subordinate loan;

d) To repay the homeowner for any homeowner payments; and

e) To pay the remaining balance to the homeowner.

2) If there are insufficient proceeds from the sale of the house to repay the amount of HOME funds and to pay the homeowner for the amount of any homeowner payments, the State may forgive a portion of the loan made with HOME funds, calculated by multiplying the amount of the HOME loan by the fraction equal to the number of years the homeowner owned and occupied the house times the affordability period, where HOME funds per unit equal:

a) Under $15,000, 1/5 per year

b) $15,000 - $40,000, 1/10 per year; and

c) Over $40,000, 1/15 per year

3) With respect to loans made with HOME funds to assist homebuyers, "Homeowner Payments" means the following:

a) The amount of the down payment made by the homeowner of the house;

b) The amount of any principal payments or prepayments on any loan on the property; and

c) The cost of all capital improvements to the house made by the homeowner

Additionally, the State will consider more restrictive terms for recapture and forgiveness provided it determines such action is necessary through established underwriting criteria.

HOME funds used to assist homebuyers that are recaptured according to these guidelines will be used to carry out other HOME eligible activities.

Legal Method

Covenants describing the recapture restrictions will be included in the recorded loan documents to ensure that the HOME funds will be recaptured at the time of transfer or refinance of the HOME-assisted unit.

Tenant-Based Rental Assistance

The State of Maryland may use HOME funds for tenant-based rental assistance on a limited basis, including using HOME funds for security deposit assistance and to help victims of a disaster. Rental assistance programs will select households to receive assistance in accordance with written tenant selection policies and criteria. In addition, if families selected are currently residing in units that are designated for rehabilitation or acquisition under the HOME program, they will not be required to meet the written tenant selection policies and criteria. Families so selected may use the tenant-based assistance in the rehabilitated or acquired unit or in other qualified housing.

TYPES OF INVESTMENT BY THE STATE OF MARYLAND IN THE HOME PROGRAM

Maryland expects primarily to invest funds in projects through interest-bearing and non-interest-bearing loans, and possibly grants when needed. Depending on the circumstances of each project, the State may use other forms of subsidies, including equity investments, interest subsidies consistent with the purposes of this program, and deferred payment loans with or without interest**.**

HOME Matching Fund Requirements

The State will provide HOME match through DHCD's Rental Allowance Program.

Suspension or Method of Distribution for Presidential Disaster Declarations

In the event of a Major Disaster Declaration by the President of the United States for a city, town, or unit of local government located in the State of Maryland, the Secretary of DHCD shall have the authority to waive the Method of Distribution or any other State regulations for the HOME program to address emergency needs of impacted communities. This will be done in consultation with HUD, and the program will operate within the parameter of the law or laws addressing the HOME program.

HOME Performance Measures

As part of its desire to implement performance measures, HUD asks grantees to assign measures to activities they expect to undertake. The table below shows how projected HOME activities will correspond with HUDS' Performance Measurement system:

HOME Investments Partnership Program			
FFY2022 Planned Project Results (HOME Program)			
Outcomes and Objectives*	**Performance Indicators**	**Expected Number**	**Activity Description**
DH-2	Number new/rehabilitate units available to low-income households	29	Assistance to Rental Housing Development
DH-2	Number of existing units bought to code	15	Housing rehabilitation assistance to low-income households
DH-2	Number of households receiving down payment/closing cost assistance	0	Assistance to low-income homebuyers
*Grantees should use one of 9 outcomes/objective categories below			
	Availability/Accessibility	Affordability	Sustainability
Decent Housing	DH-1	DH-2	DH-3
Suitable Living Environment	SL-1	SL-2	SL-3
Economic Opportunity	EO-1	EO-1	EO-3

See link for information on the 2023 HTF Plan Method of Distribution -
https://dhcd.maryland.gov/HousingDevelopment/Pages/nht/default.aspx

EXHIBIT 3: HTF Methods of Distribution

2.3 Method of Distribution

Ninety percent (90%) of the HTF annual allocation will be used for the production, preservation and rehabilitation of affordable rental housing through the acquisition, new construction, reconstruction, or rehabilitation of non-luxury housing with suitable amenities. The Department will retain ten percent (10%) of the HTF annual allocation for allowable administrative and planning expenses.

The HTF program requires the Department to commit funds within 24 months of HUD's execution of the HTF grant Agreement.

2.4 Forms of Assistance

HTF funds may be used as broadly and flexibly as is permitted by federal regulations to address the unique underwriting needs of each project and the number of ELI tenants to be served. Forms of assistance may include:

- Equity Investments
- Interest-bearing loans or advances
- Non-Interest-bearing loans or advances
- Deferred payment loans
- Grants
- Other forms of assistance approved by HUD

2.5 Application and Award Process

HTF projects will be selected by the Department for funding consideration, subject to availability of funds. Applications will be reviewed for eligibility and evaluated using the Threshold Criteria set forth below. HTF funds will be awarded to eligible projects through a non-competitive, first-ready first-served basis and will be used to complement and in conjunction with on-going Department housing programs to leverage other project funding, make projects financially feasible and increase the number of ELI households served in state-funded projects. HTF funds may be used in projects utilizing RHFP, LIHTC, MBP, Shelter and Transitional Housing Grant Program (STHGP) and any other programs administered by the Department. HTF may also be used with projects receiving non-Department housing program funds such as other state, federal, local/public or private sources. HTF may not be used with any funding sources that cannot be

combined with HTF (e.g., Public Housing per 24 CFR §93.203). HTF funds may be requested by a Sponsor as part of a project application or Department staff may, in consultation with a sponsor, propose the use of HTF funds during project review and underwriting. Successful recipients will receive a Notice of Award, which will state the Department's intent to award HTF funds.

3 Eligibility Requirements

3.1 Eligible Activities

HTF funds may only be used for the following eligible costs:

- Development hard costs
- Acquisition costs
- Related soft costs
- Relocation costs
- Operating/rental assistance, but no more than one-third of the state's annual HTF allocation and may be used for operating cost assistance and/or an operating cost assistance reserve but must be fully utilized within 5 years of the award. Such assistance can be subsequently renewed, as long as it's within the 30-year affordability period. It is anticipated that such assistance would be very limited and in the form of grants.

Operating cost assistance and/or an operating cost assistance reserve may be provided only to rental housing acquired, rehabilitated, reconstructed, or newly constructed with HTF funds. [Section 200(a)(1)]. Eligible use of HTF for operating cost assistance and operating cost assistance reserve in accordance with Section 201(e).

- Operating costs are costs for insurance, utilities, real property taxes, and maintenance and scheduled payments to a reserve for replacement of major systems (provided that the payments must be based on theuseful life of each major system and expected replacement cost) of an HTF-assisted unit.
- The eligible amount of HTF funds per unit for operating cost assistance is determined based on the deficit remaining after the monthly rent payment for the HTF-assisted unit isapplied to the HTF-assisted unit's share of monthly operating costs.
- The maximum amount of the operating cost assistance to be provided to an HTF-assisted rental project must be based on the underwriting of the project and must be specified in a written

agreement between the grantee and the recipient. The written agreement may commit, from a fiscal year HTF grant, funds for operating cost assistance for a multiyear period provided that the grantee is able meet its expenditure deadline in 93.400(d).

- The grantee may renew operating cost assistance with future fiscal year HTF grants during the affordability period [Section 302(d)(1) establishes a 30-year minimum affordability period] and the amount must be based on the need for the operating cost assistance at the time the assistance is renewed.

The Department will require that all applications for HTF funds must contain a description of the eligible activities to be conducted with the HTF funds.

HTF projects must also comply with Site and Neighborhood Standards requirements as established in the HTF interim rule published by HUD (Exhibit A). The Site and Neighborhood Standards at § 93.150 apply to new construction of rental projects receiving HTF funds.

All rehabilitation projects must meet the applicable HTF rehabilitation standards and the requirements of 24 CFR §93.301(b).

The Department will not use HTF funds for refinancing of existing debt.

3.2 Eligible Recipients

HTF funds may be allocated to for-profit or non-profit organizations, or other entities which have the demonstrated financial capacity and experience to complete and meet ongoing compliance requirements. A recipient must:

a. Provide a certification to the Department that it will comply with the requirements of the HTF program during the entire period that begins upon the selection of the recipient to receive HTF funds, and ending upon the conclusion of all HTF-funded activities,
b. Demonstrate the ability and financial capacity to undertake, comply, and manage the eligible activity;
c. Demonstrate its familiarity with requirements of other federal, state, or local housing programs that may be used in conjunction with HTF funds to ensure compliance with all applicable requirements and regulations of such programs; and

d. Have demonstrated experience and capacity to conduct an eligible HTF activity as evidenced by its ability to own, construct, rehabilitate, manage and operate an affordable multifamily rental housing development.

3.3 Minimum Threshold Requirements

DHCD staff will review all applicants to ensure compliance with the minimum threshold requirements as outlined in Section 3.3. If an application does not meet the minimum threshold requirements the application will not be considered for financing.

3.3.1 Market Assessment: A market assessment of the housing needs of ELI individuals to be served by the project must be submitted as part of the application. The assessment should review the neighborhood and other relevant market data to determine there is a current demand for the type and number of housing units being developed.

3.3.2 Site Control: Sponsors must have sufficient site control to allow projects to move forward if they receive an award of HTF funds. At the time of application, site control should extend for at least one-hundred and eighty (180) calendar days after the date of the application (including extension options). Acceptable evidence of site control includes deeds, contracts of sale, leases, purchase options, Land Disposition Agreement and other similar agreements from a local government, or other evidence at the Department's discretion.

3.3.3 Capital Needs Assessment (For projects acquiring an existing property): To ensure that the proposed rehabilitation of the project is adequate, and that the property will have a useful life that exceeds the affordability period; a Capital Needs Assessment (CNA) of the property by a competent third party shall be submitted with the application. A CNA shall identify any work that must be complete immediately to address health and safety issues, violations of federal or state law, violation of local code, or any work necessary to ensure that the building can continue to operate as affordable housing.

3.3.4 Phase I Environmental Site Assessment: Each project must comply with applicable requirements of local, State, and federal environmental laws and regulations. As part of the Application Submission Package, an environmental assessment checklist or environmental report, if available, must be included. Environmental assessments must not be more than one (1) year old as dated from application submission. For acquisition/rehabilitation projects, the Phase I environmental Assessment must include lead-based paint and asbestos testing.

3.3.5 Utility: Evidence that public water, sewer, electric, gas, telephone, internet, and cable services are at project sites or will be available during the construction or rehabilitation period must be provided. Acceptable evidence of utility availability may include a letter from the Development Team's civil engineer, the utility company providing the service, a responsible local official, or, for existing buildings, copies of recent utility bills. Alternatively, the applicant may provide a certification in a form to be approved by the Department.

3.3.6 Zoning: Sites must be properly zoned for their intended use. If a zoning change, variance, or exception is required, sponsors must provide the following information in the application:

- Documentation illustrating the present status of the proposed zoning change and the local planning and zoning process;
- Contact information for a local official familiar with the project and responsible for the approval process; and
- A detailed schedule with projected dates for obtaining the required approvals corresponding to the project schedule in the Application Submission Package.

3.3.7 New Construction - Priority Funding Areas (PFA): All projects involving any new construction must be in a Priority Funding Area (PFA) under Maryland's Smart Green and Growing Initiative. PFAs include:

- All incorporated municipalities including Baltimore City, with some exceptions related to water, sewer, and density for areas annexed after January 1, 1997;
- All areas between the Baltimore beltway and the Baltimore City limits and the Washington, DC beltway and the Washington, DC boundary;
- All areas designated as Sustainable Communities, as defined by the Maryland Annotated Code, Housing and Community Development Article, Section 6-201(l);
- Federal and State enterprise zones;
- All areas designated by county governments as PFAs, including rural villages designated in county comprehensive plans as of July 1, 1998; and
- Certified heritage areas within locally designated growth areas.

All applications for projects involving any new construction must include a letter from the local government that certifies the project is in a PFA. Information regarding PFAs may also be found at the link below:

http://planning.maryland.gov/pages/ourproducts/pfamap.aspx

3.3.8 Timeliness and Readiness to Proceed**:** The readiness of the proposed project to proceed with construction or rehabilitation activities will also be a critical factor in the determination of the award of HTF funds. The Department will consider the status of other financing (firm written financial commitments for other financing is required prior to the commitment of HTF funds), the local approval process, and other relevant factors in establishing the readiness of a project to proceed. As part of the Application Submission Package, sponsors must complete the Anticipated Development Schedule. This schedule should be consistent with the Department's underwriting and construction review process. If a project is approved, it is expected to meet the development schedule as proposed. In cases where a zoning change, variance, or exception is necessary, schedules must be consistent with the analysis provided by the Development Team's zoning attorney or engineer. In all cases, the Anticipated Development Schedule should reflect the project's readiness to proceed. Additionally, all projects must be financially feasible in accordance with the Department underwriting standards and generally accepted industry practices.

3.3.9 Underwriting Standards: All HTF-assisted projects must be consistent with regulatory requirements outlined in 24 CFR §93.300(b). All HTF-assisted must also conform to the following underwriting standards:

3.3.9.1 *Vacancy.* All projects will be underwritten with a minimum vacancy rate of 5%. Additionally, the Market Study must fully support the proposed vacancy level. The Department reserves the right to reject as infeasible any project that requires a vacancy rate of 10% or more.

3.3.9.2 *Operating Expenses.* Annual operating expenses, including all real estate taxes but excluding replacement reserve deposits, should be no less than $4,000 per unit per year and no more than $7,000 per unit per year. Waivers may be requested for small projects of up to forty (40) units, projects with master-metered (i.e. project paid) utilities, or other unusual circumstances.

3.3.9.3 *Reserves for Replacement.* All projects must budget at least $300 per unit per year in reserves for replacement (RFR) deposits. Additionally, RFR deposits must be adequate to support the project as determined by a CNA prepared by a qualified third party. The Department reserves the right, in its sole discretion, to require a new CNA every five (5) to ten (10) years and adjust RFR deposits based upon such new CNA.

3.3.9.4 *Operating Reserves.* Each project must establish an operating reserve equal to between three (3) and six (6) months of underwritten operating expenses, debt service payments, and required deposits to other reserves. At a minimum, capitalized operating reserves must remain in place until the project has achieved a minimum 1.15 debt service coverage ratio, economic break-even operations for one complete fiscal year as confirmed by the project's annual audit, and reached and sustained 90% occupancy for twelve (12) consecutive months. In the discretion of the Department, the operating reserve may be released over the next three (3) years provided the project continues to achieve economic break-even operations and sustains 90% occupancy. Upon release, operating reserves generally may be used to pay any outstanding deferred Developer's Fee, reduce any State loan, fund other reserves, fund project betterments, or otherwise be applied as approved by the Department.

3.3.9.5 *Trending.* In evaluating the long-term viability of the project, the Department requires that rents and other revenue from the project be projected to increase by no more than 2% annually. Operating expenses (including property taxes) must be projected to increase by not less than 3% annually.

3.3.9.6 *Debt Service Coverage Ratio.* All projects must be underwritten to a minimum debt service coverage ratio (DSCR) of 1.15 in the first year of stabilized operations. The DSCR will be calculated including all must-pay debt service payments.

3.3.9.7 Market Analysis. All applications must provide a Market Study commissioned by the applicant that must demonstrate the need for affordable rental housing in the local market and must meet the following criteria:

- The Market Study must be prepared by an independent professional who has experience with affordable multifamily rental housing in Maryland and whose firm who have undergone peer review by the National Council of Housing Market Analysts (NCHMA).
- The Market Study shall be not more than six (6) months old as dated from application submission;
- The Market Study must meet the requirements of the HOME Rule at §92.250(b)(2) and provide a concise executive summary of the data, analysis, and conclusions of the report covering; a detailed description of the project including the proposed number of units by number of bedrooms, unit size in square feet, utility allowances

for tenant paid utilities and rents; a geographic definition of the primary market area (PMA) and secondary market area (SMA) in including maps; and a complete and accurate description of the site and the immediate surrounding area. The Market Study must also assess the market for the planned units and determine if there is enough demand to rent the assisted units within in 18 months of project completion (§92.252); evaluate the capture rate, absorption rate and analyze the completion in the market.

3.3.10 Developer Experience: The capacity of the applicant for HTF Funds is critical to the successful development and continuing operation of the project. In the allocation of HTF Funds, the Department will only fund projects with a strong development team meeting the requirements below. The Primary Development Team consists of the Developer/Owner, the project's general contractor, architect and property manager. Capacity will be based on the demonstrated relevant experience and qualifications of the Primary Development Team. The Department will evaluate the Primary Development Team based on their record of accomplishment during the past five (5) years with projects that are similar in size, scope, and complexity to the proposed project. Primary Development Team members without appropriate experience should establish partnerships with experienced entities.

3.3.11 Developer Financial Capacity: The Department will also review the financial capacity of the Developer/Owner and Guarantor to determine if the Developer/Owner has access to enough working capital to carry the project through pre-development and/or unexpected challenges and the net worth adequate to provide applicable guarantees of project completion and operations. The financial capacity of the Developer, including the project sponsor, guarantor, and general partner/managing member with an ownership interest in the project's ownership entity whether such roles are held by individuals, corporate entities, partnerships, or limited liability companies will be reviewed.

Financial statements for the three fiscal years prior to the application and the interim financial statements through the previous quarter are required for the project sponsor, project owner, guarantor, and general partner/managing member with an ownership interest in the project's ownership entity whether such roles are held by individuals, corporate entities, partnerships or limited liability companies. Each financial statement must identify all contingent liabilities

including guarantees on other developments in process, income taxes estimated or accrued, and operating deficits. The required financial statements must include calculations of Total Assets, Total Liabilities, Current Assets, and Current Liabilities. The Department will use these figures to assess the Developer's financial capacity, assessing whether the Developer has access to sufficient working capital to carry the project through pre-development and/or unexpected challenges, and net worth (net assets for nonprofit organizations) sufficient to provide applicable guarantees of project completion and operations. Upon written request and at the Department's sole discretion, the requirement for Audited Financial Statements may be waived.

3.3.12 Geographic Diversity: HTF Program funds will be available on a State-wide basis. Ideally, housing opportunities for ELI household will be reasonably dispersed across the state, allowing physical mobility based on a household's own needs and preferences, and in doing so, promoting social and economic mobility for those same households. Achieving this end requires that the State invest in improving neighborhoods that already serve low income residents and providing new housing options in historically less affordable communities that provide residents access to a broad array of jobs, services and amenities.

Some projects not only provide needed affordable housing, but provide synergy, contributing to and expanding upon broader State and local community development investments. In order to ensure that HTF funds are reasonably dispersed across the State, an eligible HTF project must be located within one of the areas below:

1. NHT funds may be awarded to any elderly or family project, new construction or rehabilitation, in a Qualified Census Tract (QCT) or Difficult Development Area (DDA) (this does not include any State-designated DDA under the authority granted in §42, more commonly referred to as a "state-designated basis boost") that contributes to a concerted community revitalization plan.

   To qualify for points in this category, a concerted community revitalization plan must meet the following requirements:

   a) Officially adopted or endorsed by a Local Government or created with Local Government involvement;
   b) Established to increase investment in the community or build from an existing community asset;

c) Developed and approved in accordance with local planning requirements;
d) Includes evidence of community and stakeholder engagement;
e) Has a defined geographic boundary, that includes the proposed site or is focused within a single municipality, jurisdiction, or targeted area;
f) If there is a housing component in the plan, the plan should include rehabilitation or new construction of rental housing as a goal for the community;
g) Includes details of implementation measures along with specific time frames for the achievement of such policies and housing activities; and
h) Provides a list of other investment occurring or planned within the immediate area.

A community revitalization plan will be considered <u>ineligible</u> if it:

a) Was formulated solely by a Development Team member. This requirement shall not exclude a plan which included Development Team member(s) as a participant in the planning process;
b) Is a comprehensive plan, consolidated plan, municipal zoning plan or land use plan; unless such plan includes a neighborhood-based or other location specific strategy that articulates where development may occur; or
c) Is not relevant to current neighborhood conditions.

Documentation must be submitted as part of the Application Submission Package that supports each of the elements above, including:

a) Certification form executed by both the applicant and the local government through the local planning department or zoning board that demonstrates that the plan meets the requirements of the Department;
b) A copy of the full revitalization plan; and
c) A map of area targeted by the plan identifying location of project.

2. NHT may be awarded to family projects with reasonable access to jobs, quality schools, and other economic and social benefits, as demonstrated by meeting at least one (1) of the following two (2) criteria:

1. Be in a "Community of Opportunity" as shown on the Maryland QAP Comprehensive Opportunity Maps posted to the Department's Web site at: http://www.dhcd.state.md.us/GIS/multifamily/index.html

   The Communities of Opportunity designated on the Maryland QAP Comprehensive Opportunity Maps are based on a "Composite Opportunity Index" developed by the Department. The Composite Opportunity Index uses publicly-available data and is based on three major factors: community health, economic opportunity, and educational opportunity. To be designated a Community of Opportunity and mapped as such to the Maryland QAP Comprehensive Opportunity Maps, the community must have a Composite Opportunity Index that it is above the statewide average.

   The three major indicators that comprise the Composite Opportunity Index are:

   - *Community Health.* The community health indicator represents the wealth and quality of life in a community relative to the State average. The community health indicator has six (6) components, as follows:
     - Median household income obtained from the U.S. Census' American Community Survey (ACS) 2017-2021 income of $90,203.00, which is a 30.0% increase from 2007-2011, five-year estimate. Household income is positively correlated with community health. Higher household incomes support a more diversified economic base and enhance the tax basis and services of its local government.
     - Ratio of owner-occupied to all occupied housing units (a proxy for homeownership rate) obtained from the ACS 2017-2021 and 2007-2011, five-year estimate shows a slight decline in homeownership rates from 69.0% to 67.3%. A higher homeownership rate indicates the economic stability of a community, which is positively correlated with community health.
     - Median value of owner-occupied housing units obtained from the ACS 2017-2021 estimate reveal a 30.0% increase in values compared to the 2007-2011, five-year estimate. This statistic indicates the strength of a community's real estate market relative

to the average statewide market condition and is highly correlated with community health.

- Population growth between 2020 to 2022 and 2010 and 2012 obtained from the Economic and Social Research Institute (ESRI) community profile reveals a modest decline in population. A component of population growth is the number of people relocating to a community, so this measures the quality of life in a community and is positively correlated with community health.
- Poverty rate, obtained from the ACS 2017-2021 and 2007-2011, five-year estimate notes a slight increase in poverty rates from 10.1% to 10.3%. The poverty rate highlights the detrimental impact of concentrated poverty on quality of life in a community. This variable is inversely correlated with community health.
- Property vacancy rate obtained from the ESRI 2022 and 2012 community profile show close to a 50.0% decline in rates from 10.1% to 5.0%. An elevated property vacancy rate negatively impacts community health. Vacant property is often correlated with higher crime and depreciation of property values in a community.

- *Economic Opportunity.* Economic opportunity measures the extent to which a community provides employment opportunity and mobility to its residents. Employment opportunity is measured by the following variables:
  - Prevailing unemployment rate obtained from the ACS 2017-2021 estimates show a 3.2% decline in rates from the 2007-2011, five-year estimate. This variable, which measures employment opportunity in a community, is inversely related with economic opportunity.
  - Median commute time to work obtained from the ACS 2017-2021 show an slight increase in commute time from 25.2 miles in the 2007-2011 five-year estimate to 26.8 minutes. The commute time

measures proximity to regional employment opportunities and is inversely related with economic opportunity.

- *Educational Opportunity.* Educational opportunity measures the outcomes of student performance and educational attainment in the community. This indicator is measured by the following variables:
  - Maryland Public School Report Card measures the overall school performance by a combination of academic and school quality indicators. The total earned points percent is provided as well as a percentile rank and a star designation. A high score is positively correlated with educational opportunity.
  - Percent of population with a college degree (both undergraduate and graduate degrees) obtained from the ACS 2007-2011, five-year estimate. This variable is positively related to educational opportunity.
  - Percent of population with no high school diploma, obtained from the ACS 2017-2021 estimates show educational attainment fell from 12.4% in 2007-2011 five-year estimate to 8.9%. A decline in this variable negatively correlates to educational opportunity.

2. Be located in a geographic area defined by applicable law as a community of opportunity for affordable family housing or identified as such by an order or consent decree entered by a federal or State court of competent jurisdiction or by a settlement agreement to which the Department or a local government in Maryland is a party. As of the publication of this Guide, the Department is aware of two such settlements:
   1) Baltimore City: The case of *Thompson v. HUD*. The following link provides information on census tracts designated as Communities of Opportunity in the *Thompson* case:
      http://www.brhp.org
   2) Baltimore County: The Conciliation Agreement among HUD, several complainants, and Baltimore County to designate 116 census tracts in Baltimore County as Communities of Opportunity. These census tracts

are outlined in Exhibit F of the Conciliation Agreement found at the following website:

http://www.baltimorecountymd.gov/Agencies/planning/fairhousing/hudconciliation.html

3. NHT funds may also be awarded to a project that is located in one of the following:
    - Be located in a rural area. For purposes of this section, a rural area includes any area eligible under the U.S. Department of Agriculture's Rural Development programs or any area in Allegany, Caroline, Dorchester, Garrett, Kent, Somerset, Washington, Wicomico, or Worcester Counties that are not otherwise Community Development Block Grant (CDBG) entitlement communities or HOME Participating Jurisdictions. Or
    - Be located in any of the following: Certified Heritage Areas within county designated growth areas; Sustainable Communities; Empowerment Zones; Federal or Maryland Enterprise Zones; Main Street/Maple Street Maryland communities; or rural villages designated in county comprehensive plans as of July 1, 1998 and where there is evidence of other recent public investment in the plan area.
        - The Sustainable Communities Program is a place-based designation offering a comprehensive package of resources that support holistic strategies for community development, revitalization, and sustainability. The following link provides a list of approved Sustainable Communities:

http://dhcd.maryland.gov/Communities/Pages/dn/default.aspx

3.3.13 Duration of Affordability Period: HTF-assisted units must meet the affordability requirements for a period of 40 years, which begins at project completion. The affordability requirements will be imposed by a Regulatory Agreement or other similar document recorded in accordance with State recordation laws. The affordability restrictions may be terminated upon foreclosure or

transfer in lieu of foreclosure. Each application must include a project pro forma to cover the 40-year HTF affordability period and include rents that are affordable to the ELI household.

4 Priority Criteria

The following factors will also be evaluated by the Department in its review of applications for HTF funding:

1. **State Housing Priority Needs:** The HTF is primarily a production program meant to add units to the supply of affordable housing units for ELI household. The extent to which the project proposed to meet this objective will be evaluated by the number of ELI units proposed along with the merits of the application in meeting the priority housing of the locality where the project is located such as accessibility to transit or employment enters, housing that includes green building and sustainable development features or housing that serves special needs populations;
2. **Project-Based Funding:** The Department will provide a priority for projects with project-based rental subsidies for all of the HTF-assisted units in the project. Documentation from the local Public Housing Authority or other entity must be provided to show that the project-based subsidies will be in place for the term of at least five (5) years with renewal provision. The project-based assistance may be federal, state, or locally funded. Other forms of project-based assistance will be reviewed on a case by case request. For Example: If the Department receives two equal applications, the one with documented project-based rental assistance will be given priority.
3. **Leveraging:** In the award of HTF Funds, the Department will provide a priority for projects which leverage non-Federal funding sources. For this purpose, non-Federal funding sources will include equity raised from the sale of Low-Income Housing Tax Credits, as well as loans funded from the proceeds of tax-exempt bonds. The Department will evaluate the percentage of total development costs funded by non-state resources. For purposes of this section State resources, in accordance with the chart below, include:
    - All equity generated from competitive LIHTC awards from the State's LIHTC ceiling except any LIHTC awarded as the result of a federally or state designated basis boost;
    - Department-administered rental housing resources, including, but not limited to, RHFP, RHW, HOME, NHT, CDBG, the Community Legacy Program, Demolition Funds, and the Partnership Rental Housing Program.

    Leveraged funding may include:

- Equity from a federal or state basis boost;
- Equity from non-competitive 4% LIHTC awards;
- The proceeds of MBP financing;
- Local contributions (as described below);
- Locally-controlled federal resources such as HOME, CDBG, or State Small Cities CDBG;
- Other non-Department State funding;
- Private financing; and
- Private or philanthropic funding.

Projected equity from federal Historic Tax Credits (HTC) is also considered leveraged funding. To qualify the applicant must (i) provide evidence that the Part 1-Historic Preservation Certification Application has been submitted to the Maryland Historical Trust (MHT); (ii) document that MHT has recommended approval of the Part 1 Application or documents that the project building(s) is already listed in the National Register; and (iii) certify that the applicant will complete the HTC application process and diligently pursue HTC equity investment.

All calculations for this section will be based on Department underwriting of a project which may include adjustments to LIHTC equity based on Department assumptions about credit pricing as announced by the Department. Additionally, for projects with market rate (i.e. non-income restricted) units and mixed-use projects, the Department will consider only leveraged funds applicable to the affordable units by prorating both sources and uses to remove non-residential and market rate components of the project. Residential costs will be prorated based on the project's Applicable Fraction (as defined in the Internal Revenue Code) unless the Department determines that market rate and affordable units are not comparable in which case the Department, in its sole discretion, may require greater itemization of costs to allocate sources and uses to the affordable portion of the project.

Finally, because projects in rural areas have higher fixed transaction costs due to their relatively smaller size and have less access to locally controlled sources of leverage, the Department will calculate percentages for rural projects, as defined below, on a higher scale than for non-rural projects. Additionally, because family projects located in Communities of Opportunity are an important priority of the Department, percentages will be calculated on a higher scale as well.

For purposes of this section, a rural area includes any area eligible under the U.S. Department of Agriculture's Rural Development programs or any area in Allegany, Caroline, Dorchester, Garrett, Kent,

Somerset, Washington, Wicomico, or Worcester Counties that are not otherwise CDBG entitlement communities or HOME Participating Jurisdictions.

DIRECT LEVERAGING (Sec. 4.5.1 of the Guide)		**0**
Project Located in QCT/DDA or 9%LIHTC Area of Opportunity?	choose one:	
If "yes," enter acquisition credit, if any, amount:	(See Form 202, Tax Credit tab)	
Is project considered a rural transaction?		
Is project a Family Project located in a Community of Opportunity?		
1. Tax Credit Subsidy		
Annual LIH Tax Credits (allocated credits only)	Note: do not include automatic 4% LIHTC	
Less Adjust for QCT 130%	Qualified Census Tract Table Generator	$ -
Credit Period		10
Total LIH Tax Credits		$0
Imputed Raise-Up		0.90
LIH Tax Credit Subsidy		$0
2. Total DHCD Subsidy		
Rental Housing Funds	Note: include DHCD, but not Local, HOME funds	$0
PRHP		$0
Other DHCD Funds	Note: do not include Tax-Exempt or Taxable Bonds	$0
Total State Funds		$ -
Tax Credit Subsidy		$0
Total DHCD Subsidy		$0
3. All Project Costs		$0

4. Adjusted Costs	
# Affordable BRs	0
Total BRs	0
% Affordable	0%
All Project Costs	$0
Adjusted Costs	$0
5. Leverage Evaluation	
Total DHCD Subsidy	$0
Adjusted Costs	$0
% DHCD Funds	0.00%
% Leveraged Funds	100.00%

Percentages will be calculated as follows:
Scoring will be calculated based on the overall percentage of leveraged funds, with projects with a higher level of leveraged funds receiving the greatest points. Because projects in rural areas have higher fixed transaction costs due to their relatively smaller size and have less access to locally-controlled sources of funding, DHCD will award leveraging points to rural projects, as defined in Section 4.2.3, in a different manner.

Projects which are not in a rural area will be scored as follows:

- The percentage of leveraged funds (from 0% to 100%) will be divided by .06667 to arrive at a score from zero (0) points to fifteen (15) points and rounded to the nearest one-hundredth (1/100) of a point. For example, a project which includes 85.6% of leveraged funds will receive 12.84 points (.856 / .06667 = 12.839).

Projects in a rural area will be scored as follows:

- The percentage of leveraged funds (from 0% to 100%) will be divided by .06 to arrive at a score and rounded to the nearest one-hundredth (1/100) of a point. Any score in excess

of 15 points will be adjusted down to exactly 15 points. For example, a project which includes 85.6% of leveraged funds will receive 14.27 points (.856 /.06 = 14.266).

Priority will be given to projects that demonstrate the highest leverage percentage of non –Department resources, including HTF to other private resources. Use link below for details on the full HTF allocation Plan.

https://dhcd.maryland.gov/HousingDevelopment/Pages/nht/default.aspx

EXHIBIT 4: HOPWA Methods of Distribution

H HOPWA funds will be used to support a comprehensive housing program and supportive services targeted to serve persons medically diagnosed with acquired immunodeficiency syndrome or related diseases with total household income at or below 80 percent of area median income. The primary objectives are to prevent homelessness and increase housing stability.

The State of Maryland's HOPWA program serves the rural counties that are not direct recipients of HOPWA funds as part of an eligible metropolitan area. Counties covered in this program include Allegany, Caroline, Dorchester, Garrett, Kent, Somerset, St. Mary's, Talbot, Washington, Wicomico, and Worcester. In addition, the Maryland Department of Health administers HOPWA funding for the Frederick County/Montgomery County eligible metropolitan statistical areas on behalf of the Housing Authority of the City of Frederick.

The HOPWA program goals support the National HIV/AIDS Strategy objectives: Increase access to permanent, affordable housing resources for individuals and families living with HIV/AIDS to maintain and/or increase housing stability and to promote the integration of supportive service options for these persons and their families to contribute to better health outcomes, especially viral suppression. This continuum of housing support and stabilization services, along with the core medical and case management services available through the Maryland Department of Health's Ryan White funded programs ensures persons with HIV/AIDS can live as independently as possible, participating in HUD-funded supportive housing programs.

ACTIVITIES TO BE ADMINISTERED			
TBRA	Tenant-Based Rental Assistance	**CM**	Case Management Support Services
STRMU	Short-Term Rent, Mortgage, and Utility Payments	**PHP**	Permanent Housing Placement Support Services
ADMIN	Administrative Expenses	**TRANS**	Tranportation Support Services

PROJECT SPONSORS TO IMPLEMENT ACTIVITIES
Maryland Department of Housing and Community Development
Dorchester County Health Department
Charles County Health Department
Housing Authority of the City of Frederick
Montgomery County Health Department

STATE OF MARYLAND HOPWA ALLOCATION FFY2023/SFY2024	
HOPWA Housing Subsidy Assistance	
Tenant-Based Rental Assistance	$1,772,209
Short-Term Rent, Mortgage, and Utility Payments	$71,590
Permanent Housing Placement	$25,394
Total HOPWA Housing Subsidy Assistance	$1,869,193
Supportive Services	$340,537
Grant Administration	
Project Sponsors	$150,864
Maryland Department of Health	$73,680
Total Grant Administration	$224,544
TOTAL STATE OF MARYLAND HOPWA ALLOCATION	

STATE OF MARYLAND HOPWA ALLOCATION FFY2023/SFY2024				
Project Sponsor	**Activities**	**FFY 2023 Allocation**	**Prior Year Resources**	**Total Funds Available**
Maryland Department of Housing and Community Development (MDHCD)	TBRA	457,768		457,768
	ADMIN	33,659		33,659
	TOTAL:	491,427		491,427
Housing Authority of the City of Frederick (HACF)	TBRA	435,495	435,495	870,990
	STRMU	14,090	14,090	28,180
	PHP	11,594	11,594	23,188
	CM	84,042,	84,042	168,084
	TRANS	1,400	1,400	2,800
	ADMIN	38,263	38,263	76,526
	TOTAL:	584,884	584,884	1,169,768
Montgomery County Health Department (MCHD)	TBRA	840,150	534,510	1,374,660
	STRMU	57,500		57,500
	PHP	13,800		13,800
	CM	216,299		216,299
	ADMIN	78,942		78,942
	TOTAL:	1,206,691	534,510	1,741,201
Maryland Department of Health (MDH)	ADMIN	73,680		73,680
GRAND TOTAL		**3,432,993**	**1,119,394**	**4,626,067**

OMB Control No: 2506-0117 (exp. 09/30/2021)

STATE OF MARYLAND HOPWA ALLOCATION FFY2023/SFY2024				
Project Sponsor	**Activities**	**Households Served with FFY 2023 Allocation**	**Households Served with Prior Year Resources**	**Households Served with Total Funds Available**
HOPWA Housing Subsidy Assistance				
MDHCD	TBRA Western Region	19		19
	TBRA Eastern Region	27		27
	TBRA St. Mary's County	19		19
	TOTAL:	65		65
HACF	TBRA	20	20	40
	STRMU Frederick County	8	8	16
	PHP Frederick County	4	3	7
	TOTAL:	41	41	82
MCHD	TBRA	40	25	65
	STRMU	19		19
	PHP	16		16
	TOTAL:	75	25	100
TOTAL HOUSEHOLDS TO RECEIVE HOPWA HOUSING SUBSIDY ASSISTANCE		**221**	**66**	**287**
HOPWA Supportive Services				
HACF	TRANS - Frederick County	7	6	1
	CM -Frederick County	48	48	96
	TOTAL:	55	54	109
MCHD	CM	95		95
	TOTAL:	95		95
TOTAL HOUSEHOLDS TO RECEIVE HOPWA SUPPORTIVE SERVICES		**150**	**54**	**204**

OMB Control No: 2506-0117 (exp. 09/30/2021)

STATE OF MARYLAND HOPWA HOUSEHOLDS			
Households Receiving HOPWA Housing Subsidy Assistance			
	Households Served with FFY 2023 Allocation	**Households Served with Prior Year Resources**	**Households Served with Total Funds Available**
TBRA Subsidy	125	45	170
STRMU Subsidy	27	8	35
PHP Subsidy	20	3	23
TOTAL Households to Receive HOPWA Housing Subsidy Assistance	**172**	**56**	**228**
Households Receiving HOPWA Supportive Services			
Case Management of Households Receiving Housing Subsidy Assistance	143	46	189
Transportation Services to Households Receiving Housing Subsidy Assistance	7	6	13
TOTAL HOUSEHOLDS TO RECEIVE HOPWA HOUSING Supportive Services	**150**	**52**	**202**

AP-35 Projects – (Optional)

Introduction:

Projects created from 7/1/2022 - 6/30/2023

#	Project Name
1	South Street Senior 120 W South St. Frederick Maryland
2	Muschette 7861 Pomfret Rd, Pomfret MD 20675
3	Perkins Homes Phase 2B

Table 5 – Project Information

Describe the reasons for allocation priorities and any obstacles to addressing underserved needs

Refer to AP-25 Allocation Priorities and AP-85 Other Actions - Obstacles to addressing underserved needs. Also, AP-30 Methods of Distribution addresses priorities in distributing allocated funds.

AP-38 Project Summary

Project Summary Information

1	**Project Name**	South Street Senior 120 W South St. Frederick Maryland
	Target Area	
	Goals Supported	
	Needs Addressed	Housing - New Construction
	Funding	:
	Description	South Street Senior
	Target Date	
	Estimate the number and type of families that will benefit from the proposed activities	96 new construction units (92 one bedroom and 4 two-bedroom units) for elderly in a downtown neighborhood in the city of Frederick. 16 of the units will be HOME assisted units
	Location Description	City of Frederick
	Planned Activities	
2	**Project Name**	Muschette 7861 Pomfret Rd, Pomfret MD 20675
	Target Area	
	Goals Supported	
	Needs Addressed	Housing - Rehabilitation - Single Family
	Funding	:
	Description	Reconstruction
	Target Date	
	Estimate the number and type of families that will benefit from the proposed activities	1 low income family
	Location Description	Charles County
	Planned Activities	
3	**Project Name**	Perkins Homes Phase 2B
	Target Area	
	Goals Supported	

	Needs Addressed	Housing - New Construction
	Funding	:
	Description	Perkins Homes Phase 2B
	Target Date	
	Estimate the number and type of families that will benefit from the proposed activities	67 units of rental housing with 5 HOME units
	Location Description	Baltimore City
	Planned Activities	

AP-40 Section 108 Loan Guarantee – 91.320(k)(1)(ii)

Will the state help non-entitlement units of general local government to apply for Section 108 loan funds?

No

Available Grant Amounts

Not applicable

Acceptance process of applications

Not applicable

AP-45 Community Revitalization Strategies – 91.320(k)(1)(ii)

Will the state allow units of general local government to carry out community revitalization strategies?

Yes

State's Process and Criteria for approving local government revitalization strategies

The State of Maryland uses State Sustainable Communities policies to promote revitalization in local communities. To participate, municipal and county governments are asked to identify local areas in need of revitalization and create a comprehensive revitalization strategy or "Action Plan" guiding investment in accordance with the principles of sustainability. The "Action Plan" aims to increase economic, transportation, and housing choice, and improve environmental and health outcomes among other locally identified goals.

The Sustainable Communities Act of 2010 was established by the Maryland General Assembly, and consolidated all previously DHCD-designated Community Legacy and Designated Neighborhoods and gave them interim Sustainable Community designation. Local communities whose Sustainable Communities designation was not updated by December 31, 2013 had their designation terminated.

In order to obtain (or retain) a Sustainable Communities designation, local governments apply for designation through applications available from DHCD. Applications for Sustainable Community designation are reviewed by an interagency panel and must be approved by the Governor's Smart Growth Subcabinet. Once approved, communities retain their designation for five years.

All Sustainable Community Area applications must meet the following threshold requirements:

1) Sustainable Community Area boundaries must be entirely within a Priority Funding Area (PFA) and should be indicative of a targeted approach;

2) A local government resolution in support of the boundary designation and Plan should accompany the application or must be in process (all SC Area designations will be contingent upon an executed local resolution);

3) Entities in the community must have pledged financial and/or in-kind resources to implement the Plan as indicated by letters of support;

4) The proposed Sustainable Community is within or near a town center or transportation center, or there is a need for financing assistance for small businesses, nonprofit organizations or

microenterprises;

5) The proposed Plan must be consistent with other existing community or comprehensive plans;

6) A Sustainable Communities Workgroup is formed, and a roster of members is provided.

Applications that do not meet these threshold requirements will not be considered.

Application Evaluation

- The Sustainable Community application will be scored using the following 120-point framework:
- Sustainable Community Baseline Information (20 Points)
- Local Capacity To Implement Plans & Projects (15 Points)
- Sustainable Community Action Plan (65 Points)
- Progress Measures (20 Points)

AP-50 Geographic Distribution – 91.320(f)

Description of the geographic areas of the state (including areas of low-income and minority concentration) where assistance will be directed

The HTF will be eligible statewide under strict guidelines set in the Plan. Please see link below for detailed geographic distribution. See Methods of Distribution for other program qualifications.

Funds available through the HTF Program will be targeted to provide permanent rental housing to extremely low income (ELI) households. The need for permanent rental housing for ELI households in Maryland is significant, with the latest estimates indicating that there are over 180,000 households in the State with incomes at or below 30 percent AMI, and 86 percent of these households pay in excess of 50 percent of their income for housing. Additionally, ELI households in Maryland have a high occurrence of disabilities and other special needs.

The HTF Program priority will be to increase the supply of decent, safe and sanitary affordable housing for ELI households, including homeless families. HTF funds may be used for the production, preservation and rehabilitation of affordable rental housing through the acquisition, new construction, reconstruction, or rehabilitation of non-luxury housing with suitable amenities.

https://dhcd.maryland.gov/HousingDevelopment/Pages/nht/default.aspx

Geographic Distribution

Target Area	Percentage of Funds
Statewide	**100%**

Table 6 - Geographic Distribution

Rationale for the priorities for allocating investments geographically

DHCD continues to support community revitalization through Sustainable Community and Smart Growth efforts. The reason for this is to both have strong communities, as well to use resources in an intelligent, sustainable manner.

Relatedly, at the national level, the U.S. Department of Housing & Urban Development (HUD), Department of Transportation (DOT), and the Environmental Protection Agency (EPA) have committed to coordinate their capital investments in alignment with the following six “Livability Principles”:

1. **Support existing communities**. Target public and private resources toward existing communities—through strategies like transit oriented, mixed-use development, and land recycling—to increase community revitalization and the efficiency of public works investments and to safeguard rural

landscapes.

2. **Value communities and neighborhoods**. Enhance the unique characteristics of all communities by investing in healthy, safe, and walkable neighborhoods—rural, urban, or suburban.

3. **Coordinate and leverage policies and investment**. Align policies and funding to remove barriers to collaboration, leverage funding, and increase the accountability and effectiveness of all levels of government to plan for future growth, including making smart energy choices such as locally generated renewable energy.

4. **Enhance economic competitiveness**. Improve economic competitiveness through reliable and timely access to employment centers, educational opportunities, services and other basic needs by workers, as well as expanded business access to markets.

5. **Promote equitable, affordable housing**. Expand location and energy-efficient housing choices for people of all ages, incomes, races, and ethnicities to increase mobility and lower the combined cost of housing and transportation.

6. **Provide more transportation choices.** Develop safe, reliable, and economical transportation choices to decrease household transportation costs, reduce our nation's dependence on foreign oil, improve air quality, reduce greenhouse gas emissions, and promote public health.

The State of Maryland's Sustainable Communities echo these federal policies, directing State resources to efforts that carry out these goals and the State's goals for communities.

Discussion

For more information and a list of Sustainable Communities in Maryland by County, please visit DHCD's website at the following address: **https://dhcd.maryland.gov/communities/pages/dn/default.aspx**

Affordable Housing

AP-55 Affordable Housing – 24 CFR 91.320(g)

Introduction:

One Year Goals for the Number of Households to be Supported	
Homeless	0
Non-Homeless	0
Special-Needs	0
Total	0

Table 7 - One Year Goals for Affordable Housing by Support Requirement

One Year Goals for the Number of Households Supported Through	
Rental Assistance	0
The Production of New Units	0
Rehab of Existing Units	0
Acquisition of Existing Units	0
Total	0

Table 8 - One Year Goals for Affordable Housing by Support Type

Discussion:

Section Pending Update by Program

AP-60 Public Housing - 24 CFR 91.320(j)

Introduction:

As noted elsewhere in the Plan, DHCD does not operate public housing units as it is a Housing Choice Voucher only PHA. However, DHCD continues to work with PHAs throughout the State to help them revitalize their physical units. Example is working using the Rental Assistance Demonstration (RAD) program initiated by HUD to help revitalize communities with public housing.

Link to RAD program below:

https://idis.hud.gov/idis/aapPublicHousing.do?submit=Edit&aapId=900000000059341

Actions planned during the next year to address the needs to public housing

DHCD will be working on major projects with the Baltimore City Public Housing Authority, among others, to revitalize properties through the RAD Demonstration Program. This multi-year effort is expected to rehabilitate over 15,000 public housing units in Baltimore City and other counties through 2024.

Actions to encourage public housing residents to become more involved in management and participate in homeownership

DHCD created a homeownership program for Section 8 Voucher holders several years ago and will continue its Section 8 homeownership program. In addition, PHA residents are eligible applicants under DHCD's homeownership programs which offer down payment and closing cost assistance and reduced interest rates to first time homebuyers through 2024.

If the PHA is designated as troubled, describe the manner in which financial assistance will be provided or other assistance

In the event, a PHA is designated as "troubled", DHCD will cooperate with HUD to provide technical assistance to help the PHA lose its troubled status. The type of assistance offered will be based on the findings in HUD's scoring that resulted in the PHA's troubled status. Examples of technical assistance DHCD will offer could include asset management, property management, or day-to-day operations, as appropriate. We would note that while we can provide some assistance, HUD's Office of Public and Indian Housing (PIH) require troubled PHAs to get assistance from HUD-approved TA providers such as Nan McKay or NAHRO. DHCD is not a HUD-approved TA provider.

Also, troubled PHAs, regardless of whether they are located in entitlement or non-entitlement jurisdictions are eligible applicants for DHCD's housing rehabilitation programs, including the rehabilitation of both multi-family and single-family properties. Crisfield Housing Authority (CHA) was designated as a troubled PHA for fiscal issues in 2018, DHCD worked with CHA and the Baltimore HUD office to successfully consolidate the balance of the Crisfield Housing Authority (CHA) housing choice vouchers on and begin administration of the vouchers on schedule. Effective January 1, 2019, HUD's office of Housing Choice Voucher Programs (OHVP) approved the transfer of the Housing Choice

Voucher Program units and associated budget authority from the Crisfield Housing Authority (CHA) to the DHCD). DHCD closed out the transfer with the Baltimore Field Office of Public Housing in 2020.

DHCD continues to work with PHA's to provide resources, training, and technical assistance and intends to assist public housing agencies (PHAs) as they prepare to apply for conversion of assistance under the Rental Assistance Demonstration (RAD) under PIH Notice 2012-32 (Notice).

Discussion:

As part of the 1998 Quality Housing and Workforce Responsibility Act (QHWRA), Maryland and other States must describe how they would assist troubled PHAs with "financial or technical assistance" to help them lose their troubled status. HUD scores PHAs on their management practices and the physical quality of their units - a SEMAP or PHAS score under 60% results in a PHA being given "troubled" status.

In the event a PHA is designated as troubled, DHCD will cooperate with HUD to provide technical assistance to help the PHA lose its troubled status. The type of assistance offered will be based on the findings in HUD's scoring that resulted in the PHA's troubled status. Examples of technical assistance DHCD will offer could include asset management, property management, or day-to-day operations, as appropriate. (We would note that while we can provide some assistance, HUD's Office of Public and Indian Housing (PIH) require troubled PHAs to get assistance from HUD-approved TA providers such as Nan McKay or NAHRO. DHCD is not a HUD-approved TA provider.

Also, troubled PHAs, regardless of whether they are located in entitlement or non-entitlement jurisdictions are eligible applicants for DHCD's housing rehabilitation programs, including the rehabilitation of both multi-family and single-family properties.

AP-65 Homeless and Other Special Needs Activities – 91.320(h)

Introduction

The State of Maryland continue to work with local governments and non-profits to address housing issues facing homeless as well as non-homeless extremely low income, low income and moderate income Marylanders. Statewide, "Non-homeless special needs populations include the elderly, frail elderly, persons with mental, physical, developmental disabilities, persons with alcohol or other drug addiction, persons with HIV/AIDS and their families, and public housing residents. According to the 2021 ACS, there were 332,591 veterans, 332,591 individuals with a disability and 983,209 elderly or individuals 65 years and older. As an estimate of frail elderly, 22% of those 65 and older were 80 years and older.

To address the issues facing the Marylanders with disability, the State's HomeAbility program is a special product designed to assist homebuyers with disabilities to finance their home purchase. One of the qualifications requires that one of the borrowers is disabled or is a guardian. This program continues to help address housing issues facing special populations afford housing with an annual budget of more than $1.0 million annually. See Link below:

https://mmp.maryland.gov/Pages/HomeAbility/default.aspx

In addressing individuals with mental, physical and developmental disabilities, the States Group Homes program utilizes an annual budget of close to $1.0 million annually. The purpose of the Group Home Program is to help individuals, qualified limited partnerships, and nonprofit organizations to construct or acquire or acquire and modify existing housing to serve as a group home or assisted living unit for eligible persons and households with special housing needs or to refinance mortgages on existing group homes. This program usually finances 4-5 projects annually to help mitigate housing issues facing the special populations. See link below:

https://dhcd.maryland.gov/HousingDevelopment/Pages/ghp/default.aspx

The State's HOPWA program also provides housing assistance to more than 200 individuals ad households living with HIV/AIDs annual with housing related issues. Using HOPWA funds, households receive tenant based rental assistance throughout the EMSA.

Also, the State has undertaken a multi-pronged approach to ensure that homelessness is rare, brief, and non-recurring. Central to this approach is the creation of a state policy-advisory entity, the Maryland Interagency Council on Homelessness (ICH). The ICH is composed of representation from state government, Continuums of Care, Local Homeless Coalitions, advocacy agencies, and persons with lived experience of homelessness, who collaborate and perform the following functions and duties:

- Serve as the single statewide homelessness planning and policy development resource

Maryland

- Oversee and implement the Maryland Homeless Services Framework, which includes specific goals and strategies for reducing homelessness
- Serve as a state clearinghouse for information on services and housing options for the homeless
- In 2023, DHCD supported the merger of the Frederick County Continuum of Care into the Maryland Balance of State Continuum of Care, and will continue to serve as the CoC's lead agency. This will reduce the overall number of Continuums of Care in Maryland from 11 to 10.

Describe the jurisdictions one-year goals and actions for reducing and ending homelessness including

Reaching out to homeless persons (especially unsheltered persons) and assessing their individual needs

The State reaches out to people experiencing homelessness, including those living in unsheltered locations, primarily through the Continuum of Care network to assess their individual needs. DHCD provides State funding and ESG funding to over 40 street outreach programs, drop-in centers, and emergency shelters. These programs provide immediate crisis stabilization services and case management to assist households with identifying their housing and service needs, address housing barriers, completing assessments for Coordinated Entry to gain access to permanent housing resources and connect homeless persons to community-based services such as mental health treatment, substance use treatment, food and basic needs resources, education and workforce development services, and affordable housing opportunities. DHCD and CoCs actively work with other Federally-funded programs to coordinate outreach and shelter for people experiencing homelessness, such as VA Supportive Services for Veteran Families (SSVF), the U.S. Department of Health and Family Services Runaway and Homeless Youth (RHY) programs, and PATH. DHCD also provides State funding to each Continuum of Care for their Point-in-Time Count and Homeless Resource Days, increasing their operational capacity to cover more geographic areas, recruit more outreach staff and volunteers to participate, and provide incentives to people experiencing homelessness to complete surveys and Coordinated Entry assessments.

In addition to funding, DHCD coordinates closely with a variety of State agencies and community partners to share information about available housing and services across Maryland, ensure that people experiencing homelessness know where and how to access the Coordinated Entry System, and that people being discharged from institutional settings have support in accessing emergency shelter immediately at the exit. Partners include the Maryland Department of Health (MDH), local health departments, the Maryland Department of Human Services, and Maryland 211.

2023-2024 Actions:

- Implement a robust Coordinated Entry System for the Maryland Balance of State Continuum of

Care, which includes a comprehensive assessment of needs

- Initiated a comprehensive statewide training program on required policies and best practices for an effective homeless services system
- Maintain funding for street outreach and mobile services across the state to assess unsheltered individuals, provide basic needs assistance, transport individuals to shelter, and provide critical health services related to COVID19
- Provide funding to CoCs for conducting the 2024 unsheltered PIT Count and for stipends for representatives with lived experience to participate in CoC boards, state and local initiatives and provide on-going support and consultation on homeless services.

Providing rental assistance and services to persons living with HIV/AIDS. Using HOPWA funds, approximately 150 households will receive tenant-based rental assistance subsidies throughout the Western Counties, Eastern Region, St Mary's County, and the Silver Spring-Frederick-Rockville, MD HOPWA Eligible Metropolitan Statistical Area (EMSA).

Addressing the emergency shelter and transitional housing needs of homeless persons

DHCD allocates approximately 36% of ESG and State Homelessness Solutions Grant funding to Continuums of Care for staffing and operational costs of emergency shelters. Capital funds for construction and renovation of shelter and transitional housing facilities is available through other State grants administered by DHCD. Continuing to sustain emergency crisis beds while expanding rapid re-housing and other permanent housing options is key to ensuring that unsheltered homelessness is reduced. DHCD will continue to require all shelters to be low barrier and Housing-First oriented, in addition to being accessible to households of all types - such as different family compositions and having culturally competent shelter options for unaccompanied youth, veterans, domestic violence survivors, and people that are LGBTQ+. Continuums of Care assess local shelter needs and identify shelter and housing inventory gaps each year in their application to DHCD for funding. The State has a significant number of VA Grant and Per Diem (GPD) shelter and transitional housing beds available for veterans. Under the Homelessness Solutions Program, DHCD also allocates over $1 million annually across the State to support programs specifically for unaccompanied homeless youth, many of which are shelter.

2023-2024 Actions:

- Increase availability of funding for hotels/motels and specialized emergency shelters for youth and domestic violence survivors, as well as operation/building costs needed for adequate distancing
- Increase funding for hotel/motel isolation for COVID-19 positive clients, and COVID testing and mitigation activities through a new MDH partnership

Helping homeless persons (especially chronically homeless individuals and families, families with children, veterans and their families, and unaccompanied youth) make the transition to permanent housing and independent living, including shortening the period of time that

individuals and families experience homelessness, facilitating access for homeless individuals and families to affordable housing units, and preventing individuals and families who were recently homeless from becoming homeless again

DHCD has increased the portion of ESG and State funding available for rapid re-housing each year. Rapid re-housing is a best practice model for helping individuals and families transition quickly out of homelessness and into independent, community-based permanent housing. The goal is to use housing relocation, stabilization services or short-term rental assistance to “re-house” individuals and families living in shelters or unsheltered situations. This involves assistance to help move them, as quickly as possible, out of homelessness into a more stable housing situation and to set them up for future success. Providers can use funds to assist with short-term rental assistance, rental arrears, rental application fees, security and utility deposits, utility payments, moving costs, and a range of services including housing search and placement, case management, tenant legal services, landlord-tenant mediation and credit repair. DHCD encourages the use of rapid re-housing for chronically homeless households, and has supported CoCs in partnering with local SSVF rapid re-housing programs and implementing unaccompanied youth rapid re-housing, which offers longer lengths of assistance than a typical adult household).

To increase the effectiveness and capacity of ESG and State-funded rapid re-housing, DHCD provided a collaborative learning opportunity for rapid re-housing providers through the National Alliance to End Homelessness, and more recently hired a Permanent Housing Systems Project Manager. DHCD supports CoCs in implementing progressive engagement models, increasing connections between the homeless and workforce systems to increase employment opportunities for people in rapid re-housing, and building the capacity of Coordinated Entry to quickly match households to permanent housing opportunities and when necessary, help them transition into permanent supportive housing (CoC PSH, VASH, LIHTC, Section 811, etc) to avoid becoming homeless again. Rapid re-housing providers are encouraged to establish partnerships with subsidized housing in their community to increase the availability of permanently affordable housing to households nearing the end of their assistance.

2023-2024 Actions:

Increase and sustain funding for rapid re-housing across all Continuums of Care

Continue biweekly rapid re-housing workgroup meetings and maintain dedicated DHCD staff capacity to increase the effectiveness of rapid re-housing across the state

Organize statewide trainings on rapid re-housing and homeless services best practices.

Increase training and technical assistance for rapid re-housing providers - learning collaboratives, best

practice manuals, program evaluations

Increase partnerships between local rapid re-housing providers and local workforce boards

Increase effectiveness of CoC Coordinated Entry Systems in connecting people in shelter and on the street quickly to rapid re-housing and new Emergency Housing Vouchers, and facilitate MOUs/partnership building between CoCs and Public Housing Authorities

Create bridges to permanently affordable, subsidized housing for rapid re-housing clients through new partnerships with LIHTC properties, HUD-financed multifamily housing, Housing Choice Vouchers, and Public Housing

Expand eligible activities under HSP State funding to include furniture, and discretionary funds for diversion

Expand guidance and best practices for the provision of Single Room Occupancy RRH placements as needed

Helping low-income individuals and families avoid becoming homeless, especially extremely low-income individuals and families and those who are: being discharged from publicly funded institutions and systems of care (such as health care facilities, mental health facilities, foster care and other youth facilities, and corrections programs and institutions); or, receiving assistance from public or private agencies that address housing, health, social services, employment, education, or youth needs

DHCD makes ESG and State funds available for preventive services, to help eligible individuals and families avoid homelessness. Funds are available for housing relocation, stabilization services and short term rental assistance, as necessary to prevent the individual or family from moving to an emergency shelter, onto the streets or into other places not meant for human habitation. Recipients may use funding to assist with short-term rental assistance, rental arrears, rental application fees, security and utility deposits, utility payments, moving costs, and a range of services including housing search and placement, case management, tenant legal services, landlord-tenant mediation and credit repair. The goal is to prevent an individual or family from moving to an emergency shelter or into an unsheltered situation and to achieve housing stability.

DHCD and CoCs work collaboratively to establish strategies and tools for preventing discharges from publicly funded institutions and systems of care - strategies are carried out at both the local and state levels, depending on the system of care. The Maryland Interagency Council on Homelessness has healthcare and youth workgroups which have strategically worked in the past three years on policies and strategies to reduce patient discharges from hospitals to unsheltered settings, reducing the number of youth who age out of foster care and become homeless, and reduce the number of youth that exit

juvenile and adult corrections into homelessness. Additionally, DHCD sponsors YouthREACH, Maryland's homeless youth count, which has a steering committee of representatives from all major systems interacting with youth and young adults. Count results are used to better understand how youth become homeless and identify where discharge practices can be improved. CoCs ensure that local systems of care are aware of the Coordinated Entry System and how to refer their clients and offer cross-training opportunities with other system leaders.

2023-2024 Actions:

Streamline eligibility and household prioritization methods for ESG-funded homelessness prevention with new sources of eviction prevention assistance available through federal and state rent and utility relief programs

Continue Maryland Interagency Council on Homelessness actions to reduce discharges from systems of care into homelessness

Discussion

CDBG does not anticipate funding non-homeless special needs population.

The State's Health Department's Commission on Aging provides supportive services to the elderly including nutrition, social activities, health maintenance and transportation.

Historically, DHCD, MDH, and MDOD have worked together to apply for and successfully secure competitive HUD funding for the Section 811 Project Rental Assistance (PRA) program. It is anticipated that HUD will issue another Notice of Funding Opportunity (NOFO) for this program in Summer 2023 and the state agencies intend to apply for this funding. The Federal Fiscal Year (FFY) 2023 request amounted to $360 million with $205 million set aside for renewal and amendment. Leading national housing advocates are requesting $460 million with $100 million for new funding as part of the FFY24 funding request. The three state agencies constitute the Maryland Partnership for Affordable Housing (MPAH) received an FY19 Section 811 grant that amounted to $6.9 million in housing subsidies for people with disabilities statewide. Depending upon unit location, we project that this will fund approximately 95 additional units to add to our existing 330 units financed through the FY12 and FY13 grants that sustain the program.

DHCD, MDH, and MDOD also partner in the oversight of the following programs:

- HomeAbility (homeownership for individuals with disabilities - special loan product to help finance the purchase of a home);
- Money Follows the Person (MFP) Bridge Subsidy (a tenant-based rental assistance administered by PHAs statewide that provides three years of a rental subsidy before the person is transitioned to a Housing Choice Voucher);
- Group Home Loan Program;
- Special Housing Opportunity (SHOP) Program;

- Weinberg Apartments Program (a project-based rental subsidy program that provides an upfront subsidy to the developer awarded Federal Low-Income Housing Tax Credits from DHCD as a way of holding the specified unit as affordable for a low-income person with a disability)
- Community Choice Homes Program (a special subsidy program that provides affordable rental homes in Montgomery County, Maryland for people with disabilities. This is a partnership funded by the Montgomery County Housing Opportunities Commission)
- DDA Rent Subsidy Program (a tenant-based rental assistance program administered by the DDA in partnership with DHCD. Provide assistance to individuals 18 years of age or older who receive at least one service funded through the DDA or on the DDA waitlist in the Crisis Resolution category)

AP-70 HOPWA Goals – 91.320(k)(4)

One year goals for the number of households to be provided housing through the use of HOPWA for:	
Short-term rent, mortgage, and utility assistance to prevent homelessness of the individual or family	66
Tenant-based rental assistance	150
Units provided in permanent housing facilities developed, leased, or operated with HOPWA funds	0
Units provided in transitional short-term housing facilities developed, leased, or operated with HOPWA funds	0
Total	216

AP-75 Barriers to affordable housing – 91.320(i)

Introduction:

In this section of the Plan, HUD asks the State to address issues related to barriers to affordable housing. As per the question below, the State does not have control over many issues HUD has asked the State to address:

Actions it planned to remove or ameliorate the negative effects of public policies that serve as barriers to affordable housing such as land use controls, tax policies affecting land, zoning ordinances, building codes, fees and charges, growth limitations, and policies affecting the return on residential investment

The State does not have policies that serve as barriers to affordable housing, neither does have policies affecting the return on residential investment, nor does it have control over zoning. The State also does not have tax policies affecting land, nor does it charge fees for building.

The States Building Codes Administration (Codes - formerly with MD-DHCD), recently moved to the Department of Labor on July 1, 2018, does have some control over building codes, and adopted the International Existing Building Code (IEBC) in 2012, which became effective 2013. The Codes website (see link below) maintains an online repository of information related to the building codes adopted by the Federal government, the State government, and the local jurisdictions. Interested parties can find useful hyperlinks to various resources and the contact information of local jurisdictions on the web site

The use of the IEBC actually reduces barriers to affordable housing not only because it standardizes code, but also because it allows communities to receive technical assistance including code interpretations from the International Code Council which they would otherwise be unable to access. The State also follows the 2012 International Energy Conservation Code, and the International Green Conservation Code, both of which make housing more affordable by reducing energy costs as well as promoting sustainable development.

http://www.dllr.maryland.gov/labor/build

Discussion:

AP-85 Other Actions – 91.320(j)

Introduction:

According to excerpt from the recent housing needs assessment for Maryland, Growth in population, income and jobs across the state has been matched by growth in the residential sector. Between 2020 and 2030, Maryland's population and economy will continue to grow. Statewide projections by the Maryland Department of Planning show that Maryland will add an estimated 178,000 households and 377,000 residents over the next ten years. Looking ahead to 2030, if current trends hold, Maryland will need more homes that serve extremely and very low-income households; smaller, one-person households; seniors; and families with children. These homes and any complementary services, such as homeownership counseling, down payment assistance, or rental assistance, will need to align with the unique needs of an increasingly racially and ethnically diverse population.

When asked to prioritize housing needs across Maryland, the Needs Assessment Advisory group identified the top two needs to provide:

1. Homes for low-income households Stakeholders prioritized the importance of meeting the varied and largely unmet housing needs among low-income households over the next 10 years. Low-income households— in particular, extremely and very low-income households— are underserved by Maryland's housing market today. These households will represent more than half of all new households in Maryland by 2030. In addition to housing affordability, there's a need to align with household characteristics, including more families with children, more people living alone, and more racially and ethnically diverse households.

2. Increase construction of affordable and market-rate housing with the need for a well-functioning housing delivery system as a precondition for keeping pace with projected growth.

https://dhcd.maryland.gov/Documents/Other%20Publications/Report.pdf population.

Actions planned to address obstacles to meeting underserved needs

The needs assessment report outlined the following relevant actions needed to addressed obstacles to

meeting underserved needs:

• Offer operating subsidies for affordable housing developments

• Expand use of project-based vouchers

• Create housing trust funds

• Create housing preservation funds

• Establish dedicated revenue sources for affordable housing

• Increase awareness of available housing programs and assistance to navigate eligibility and other program requirements

• Develop cross-sector partnerships to provide integrated services, including health, employment, and education

• Increase tenant protections and access to information, legal services, mediation, or other supports

• Extend affordability periods associated with development subsidies

• Expand emergency rental assistance programs

https://dhcd.maryland.gov/Documents/Other%20Publications/Report.pdf population.

Actions planned to foster and maintain affordable housing

DHCD will continue undertaking efforts to increase affordable housing projects in Maryland. Over 10 years, DHCD will seek to increase rental housing preservation by more than 10,000 units statewide including both entitlement and non-entitlement areas. DHCD to undertake a comprehensive approach toward systemic streamlining and financing to increase production levels statewide.

Actions planned to reduce lead-based paint hazards

DHCD continues to be pro-active and operates its own lead abatement program funded with State appropriations that help control lead hazards. In addition to requiring lead abatement for all HUD funded projects, the Department also requires it when used with its own funds or other resources such as Federal Low-Income Housing Tax Credits. The Maryland Department of the Environment enforces lead paid reduction and control rules for landlords which also help to substantially reduce childhood

exposure to lead based paint.

Actions planned to reduce the number of poverty-level families

The State of Maryland remains committed to reducing the number of households living in poverty. The State's anti-poverty strategy is founded on the coordination of resources and strong partnerships at the state and local levels. These efforts are geared toward helping individuals and families move from poverty to self-sufficiency and toward addressing the causes and conditions of poverty in communities across the state. The Department administers the Community Services Block Grant Program (CSBG) program which is funded through the U.S. Department of Health and Human Services (HHS). Annually, the Department receives approximately $10 million in CSBG funding - 90% of which is distributed to the state's network of 17 locally-designated Community Action Agencies (CAAs). Another 5% of CSBG funding is awarded on a competitive basis to CAAs and other nonprofit organizations to support asset-building programs, to address gaps in services for low-income households, and to support innovative approaches that alleviate poverty. CSBG funds also support communication and coordination among the CAA network and other capacity building activities that strengthen the impact of the network. The remaining 5% of annual CSBG funding is utilized by the Department for administrative costs, including providing training and technical assistance to recipients of these funds. Key components to the success of the State's strategy are creating and maintaining linkages and coordination at the state level, as well as, supporting similar efforts at the local community level. Through effective coordination, the Department ensures increased access to CSBG-funded services and helps to avoid duplication of services. As required by the federal Workforce Innovation and Opportunities Act (WIOA), the Department of Housing and Community Development and Community Action Agencies are partners in the strategy to strengthen the state's workforce development system. The Department participates in policy development efforts led by the state's WIOA Alignment Group. The Department also assists in the development of training and resource materials for frontline workforce development staff. At the local level, Community Action Agencies participate in their jurisdiction's workforce development board. They also coordinate with local agencies to ensure an effective delivery of employment and training programs. Similarly, both the Department and CAAs are engaged in the implementation of a Two Generation/Whole Family Approach to service delivery. The Department coordinates with the Maryland Department of Human Services at the state level through participation in the Governor's 2-Gen Commission. At the local level, CAAs work with their jurisdiction's Department of Social Services to ensure coordination of safety net services (e.g. TANF, SNAP), to fill gaps in services and to avoid duplication of services so that their mutual clients are served effectively and efficiently.

Actions planned to develop institutional structure

The State will use inter-departmental forums and meetings to coordinate resources, develop consistent policies and methods to achieve stated goals and objectives. As noted above, DHCD has enacted several new policies in the past several years to improve the ability of developers to provide affordable rental housing. These programs will streamlined bond program, rental housing works, PRHP. The State

will work its partners along with HUD to standardize underwriting for preservation projects, and working with the Maryland Energy Administration (MEA) and Public Service Commission (PSC) to strengthen energy efficiency and green building initiatives. Community Development coordination will be improved and streamlined through the State's Development Plan, as well as the federal and State Sustainable Community Initiatives

Actions planned to enhance coordination between public and private housing and social service agencies

To enhance coordination between public, private housing and social service agencies;

- DHCD will continue to work with the Department of Disabilities (DoD) and Department of Human Resources (DHR) to provide more housing for very low-income Marylanders. DHDC is coordinating the use of two Weinberg Grants with DoD and DHR on this effort.
- DHCD will continue its coordination for energy efficiency with MEA, PSC, weatherization and sources of funding from HUD, DOE, PSC, and utility companies.
- DHCD will continue to fund and operate its Homeownership for Individuals With Disabilities Program, working with DHMH and other agencies to enable persons with disabilities, families with disabled children and borrowers who are guardians for an immediate family member who is disabled to purchase their own home.
- DHCD will work with Maryland Department of Aging and the Maryland Department of Health and Mental Hygiene to carry out the Accessible Housing Loan and Grant Program which was authorized as its own, stand-alone program in the 2013 legislative session.
- DHCD's Community Development Administration or DHCD's CDA division will continue to collaborate with the U.S. Small Business Administration to promote the Neighborhood BusinessWorks Program.
- DHCD's will coordinate with the Governor's Office of Business Advocacy and Small Business Assistance (GOBA), the office of Minority Affairs, Maryland Department of Transportation (MDOT) and Department of Commerce to increase their awareness of the Neighborhood BusinessWorks (NBW), Maryland Capital Access and Linked Deposit Program (inactive since 2012 due to lack of lender participation) for gap financing, credit assurance/loan loss reserves and interest rate buy downs available for state-up and expanding small and micro business located in revitalization areas across the State.

Discussion:

Program Specific Requirements

AP-90 Program Specific Requirements – 91.320(k)(1,2,3)

Introduction:

The following are program specific requirements from HUD regarding the administration of various HUD programs. Many of these items do not apply to the State and how it operates its programs, which is why many responses are "0" or NA for Not Applicable.

Community Development Block Grant Program (CDBG)
Reference 24 CFR 91.320(k)(1)

Projects planned with all CDBG funds expected to be available during the year are identified in the Projects Table. The following identifies program income that is available for use that is included in projects to be carried out.

1. The total amount of program income that will have been received before the start of the next program year and that has not yet been reprogrammed	100,000
2. The amount of proceeds from section 108 loan guarantees that will be used during the year to address the priority needs and specific objectives identified in the grantee's strategic plan.	0
3. The amount of surplus funds from urban renewal settlements	0
4. The amount of any grant funds returned to the line of credit for which the planned use has not been included in a prior statement or plan	0
5. The amount of income from float-funded activities	0
Total Program Income:	**100,000**

Other CDBG Requirements

1. The amount of urgent need activities	0
2. The estimated percentage of CDBG funds that will be used for activities that benefit persons of low and moderate income. Overall Benefit - A consecutive period of one, two or three years may be used to determine that a minimum overall benefit of 70% of CDBG funds is used to benefit persons of low and moderate income. Specify the years covered that include this Annual Action Plan.	70.00%

HOME Investment Partnership Program (HOME)
Reference 24 CFR 91.320(k)(2)

1. A description of other forms of investment being used beyond those identified in Section 92.205 is

follows:

No other forms of investment are anticipated being used

2. **A description of the guidelines that will be used for resale or recapture of HOME funds when used for homebuyer activities as required in 92.254, is as follows:**

   Closing costs, as well as mortgage write-down assistance, to enable them to purchase a home. Each homebuyer assisted with HOME funds is required to sign a written agreement detailing the terms and conditions of their HOME loan, prior to receiving the loan. A deed of trust is recorded against the purchased property securing the HOME funds. This lien is non-interest bearing loan. The loans contain an affordability period of 5, 10 and 15 years. The Loan shall be forgiven if the Borrower owns and occupies the Property during the affordability period. Repayment of the loan is required if the property is no longer the borrower's primary residence. In the event of sale or transfer of all or any portion of the Property by the Borrower or a holder of a senior lien through a foreclosure the entire amount borrowed will be due. However, the repayment may be limited to net proceeds if the amount of the net proceeds is lesser than the original amount borrowed. The term "net proceeds" means the proceeds from the sale of the Property less the unpaid principal balance of any superior and subordinate non-governmental or private loans to the Loan. See Exhibit 2- Method of Distribution

3. **A description of the guidelines for resale or recapture that ensures the affordability of units acquired with HOME funds? See 24 CFR 92.254(a)(4) are as follows:**

   The State of Maryland has chosen to use the recapture provision with HOME funds.

   Under recapture, there is no requirement that the original HOME-assisted homebuyer sell the unit to another low-income homebuyer. Instead, if the homebuyer transfers the property either voluntarily or involuntarily during the period of affordability, the PJ recovers, from available net proceeds, all or a portion of the HOME assistance to the homebuyers. The guidelines for recapture are mentioned in # 2 above. During the affordability period compliance is achieved through monitoring to confirm the property is still their primary residence.

   See Exhibit 2- Method of Distribution

4. **Plans for using HOME funds to refinance existing debt secured by multifamily housing that is rehabilitated with HOME funds along with a description of the refinancing guidelines required that will be used under 24 CFR 92.206(b), are as follows:**

   There are no plans to refinance debt secured by multifamily housing rehabilitated with HOME funds at this time.

Emergency Solutions Grant (ESG)
Reference 91.320(k)(3)

1. **Include written standards for providing ESG assistance (may include as attachment)**

   DHCD allows sub-recipients (Continuums of Care) to establish ESG written standards for the projects in their jurisdiction. Each CoC's ESG written standards are reviewed annually during either the annual application process or the annual monitoring visit. Continuums of Care are required to have written standards that reflect the policies and procedures established by DHCD in the Homelessness Solutions Program Policy Guide:

   https://dhcd.maryland.gov/HomelessServices/Documents/HSP-Policy-Guide.pdf

2. **If the Continuum of Care has established centralized or coordinated assessment system that meets HUD requirements, describe that centralized or coordinated assessment system.**

   Each of the 10 Continuums of Care in Maryland operate independent Coordinated Entry Systems. DHCD supports CoCs with training and technical assistance on HUD requirements, best practices, and HMIS tools, and provides an overview of Coordinated Assessment Requirements in the Homelessness Solutions Program Policy Guide:

   https://dhcd.maryland.gov/HomelessServices/Documents/HSP-Policy-Guide.pdf

3. **Identify the process for making sub-awards and describe how the ESG allocation available to private nonprofit organizations (including community and faith-based organizations).**

   See Method of Distribution section - AP30

4. **If the jurisdiction is unable to meet the homeless participation requirement in 24 CFR 576.405(a), the jurisdiction must specify its plan for reaching out to and consulting with homeless or formerly homeless individuals in considering policies and funding decisions regarding facilities and services funded under ESG.**

   Not Applicable

5. **Describe performance standards for evaluating ESG.**

   DHCD evaluates ESG projects on the following measures and performance targets:

   <u>All Projects</u>

   - HMIS Data Quality - No more than 10% error rate for RRH, Shelter, HP

- HMIS Data Quality - No more than 35% error rate for street outreach
- Number of Persons Served - Meets or exceeds grant expectations

Outreach

- Median Enrollment - 90 days or less
- Exits to Shelter - 50% or more
- Exits to Permanent Housing - 15% or more

Shelter

- Median Length of Stay - 90 days or less
- Exits to Permanent Housing - 50%+

Rapid Re-Housing

- Prior Residence = Homeless or Institution
- Gained and/or Increased Income (Adults) - 10% or more
- Length of Time between Project Entry Date and Residential Move-in Date - 90 days or less
- Median Length of Stay - 180 days or less
- Exits to Permanent Housing - 80%+

Homelessness Prevention

- Household's Prior Residence is Permanent Housing - 100%
- Percent of Households that Exit to Permanent Housing - 90%

Housing Trust Fund (HTF)
Reference 24 CFR 91.320(k)(5)

1. How will the grantee distribute its HTF funds? Select all that apply:

☑ Applications submitted by eligible recipients

2. If distributing HTF funds through grants to subgrantees, describe the method for distributing HTF funds through grants to subgrantees and how those funds will be made available to state agencies and/or units of general local government. If not distributing funds through grants to subgrantees, enter "N/A".

Ninety percent (90%) of the HTF annual allocation will be used for the production, preservation and rehabilitation of affordable rental housing through the acquisition, new construction, reconstruction, or rehabilitation of non-luxury housing with suitable amenities. The Department will retain ten percent (10%) of the HTF annual allocation for allowable administrative and planning expenses.

The HTF program requires the Department to commit funds within 24 months of HUD's execution of the HTF grant Agreement.

HTF funds may be allocated to for-profit or non-profit organizations, or other entities which have the demonstrated financial capacity and experience to complete and meet ongoing compliance requirements. A recipient must:
a. Provide a certification to the Department that it will comply with the requirements of the HTF program during the entire period that begins upon the selection of the recipient to receive HTF funds, and ending upon the conclusion of all HTF-funded activities,

b. Demonstrate the ability and financial capacity to undertake, comply, and manage the eligible activity;

c. Demonstrate its familiarity with requirements of other federal, state, or local housing programs that may be used in conjunction with HTF funds to ensure compliance with all applicable requirements and regulations of such programs; and

d. Have demonstrated experience and capacity to conduct an eligible HTF activity as evidenced by its ability to own, construct, rehabilitate, manage and operate an affordable multifamily rental housing development.

For further information, please access HTF Plan via link below
https://dhcd.maryland.gov/HousingDevelopment/Pages/nht/default.aspx

3. If distributing HTF funds by selecting applications submitted by eligible recipients,

a. Describe the eligibility requirements for recipients of HTF funds (as defined in 24 CFR § 93.2). If not distributing funds by selecting applications submitted by eligible recipients, enter "N/A".

HTF funds may be allocated to for-profit or non-profit organizations, or other entities which have the demonstrated financial capacity and experience to complete and meet ongoing compliance requirements. A recipient must:

1. Provide a certification to the Department that it will comply with the requirements of the HTF program during the entire period that begins upon the selection of the recipient to receive HTF funds, and ending upon the conclusion of all HTF-funded activities,
2. Demonstrate the ability and financial capacity to undertake, comply, and manage the eligible activity;

3. Demonstrate its familiarity with requirements of other federal, state, or local housing programs that may be used in conjunction with HTF funds to ensure compliance with all applicable requirements and regulations of such programs; and
4. Have demonstrated experience and capacity to conduct an eligible HTF activity as evidenced by its ability to own, construct, rehabilitate, manage and operate an affordable multifamily rental housing development.

For further information, please access HTF Plan via link below
https://dhcd.maryland.gov/HousingDevelopment/Pages/nht/default.aspx

b. Describe the grantee's application requirements for eligible recipients to apply for HTF funds. If not distributing funds by selecting applications submitted by eligible recipients, enter "N/A".

HTF projects will be selected by the Department for funding consideration, subject to the availability of funds. Applications will be reviewed for eligibility and evaluated using the Threshold Criteria set forth below. HTF funds will be awarded to eligible projects through a non-competitive, first-ready first-served basis and will be used to complement and in conjunction with on-going Department housing programs to leverage other project funding, make projects financially feasible, and increase the number of ELI households served in state-funded projects. HTF funds may be used in projects utilizing RHFP, LIHTC, MBP, Shelter and Transitional Housing Grant Program (STHGP), and any other programs administered by the Department. HTF may also be used with projects receiving non-Department housing program funds such as other states, federal, local/public, or private sources. HTF may not be used with any funding sources that cannot be combined with HTF (e.g., Public Housing per 24 CFR §93.203). HTF funds may be requested by a Sponsor as part of a project application or Department staff may, in consultation with a sponsor, propose the use of HTF funds during project review and underwriting. Successful recipients will receive a Notice of Award, which will state the Department's intent to award HTF funds.

c. Describe the selection criteria that the grantee will use to select applications submitted by eligible recipients. If not distributing funds by selecting applications submitted by eligible recipients, enter "N/A".

DHCD staff will review all applicants to ensure compliance with the minimum threshold requirements as outlined in Section 3.3. of the FY2022 HTF plan (link below). If an application does not meet all of the minimum threshold requirements the application will not be considered for financing.

Market Assessment: A market assessment of the housing needs of ELI individuals to be served by the project must be submitted as part of the application. The assessment should review the neighborhood and other relevant market data to determine there is a current demand for the type and number of housing units being developed.

Site Control: Sponsors must have sufficient site control to allow projects to move forward if they receive

an award of HTF funds. At the time of application, site control should extend for at least one-hundred and eighty (180) calendar days after the date of the application (including extension options). Acceptable evidence of site control includes deeds, contracts of sale, leases, purchase options, Land Disposition Agreement and other similar agreements from a local government, or other evidence at the Department's discretion.

Capital Needs Assessment (For projects acquiring an existing property): To ensure that the proposed rehabilitation of the project is adequate and that the property will have a useful life that exceeds the affordability period; a Capital Needs Assessment (CNA) of the property by a competent third party shall be submitted with the application. A CNA shall identify any work that must be completed immediately to address health and safety issues, violations of federal or state law, violations of local code, or any work necessary to ensure that the building can continue to operate as affordable housing.

For further information, please access HTF Plan via link below
https://dhcd.maryland.gov/HousingDevelopment/Pages/nht/default.aspx

d. Describe the grantee's required priority for funding based on geographic diversity (as defined by the grantee in the consolidated plan). If not distributing funds by selecting applications submitted by eligible recipients, enter "N/A".

The Department has determined that a broader set of priorities is necessary to ensure the availability of important resources to all areas and populations in the State. Additionally, it has been determined that the established priorities should serve to guide -- not limit -- funding awards by the Department. The criteria outlined in this HTF Allocation Plan provide incentives for developments that meet these priorities.

Priority is given to projects located in a geographic area defined by applicable law as a community of opportunity for affordable family housing or identified as such by an order or consent decree entered by a federal or State court of competent jurisdiction or by a settlement agreement to which the Department or a local government in Maryland is a party. As of the publication of this Guide, the Department is aware of two such settlements:

1) Baltimore City: The case of Thompson v. HUD. The following link provides information on census tracts designated as Communities of Opportunity in the Thompson case: http://www.brhp.org

2) Baltimore County: The Conciliation Agreement among HUD, several complainants, and Baltimore County to designate 116 census tracts in Baltimore County as Communities of Opportunity. These census tracts are outlined in Exhibit F of the Conciliation Agreement found at the following website:

http://www.baltimorecountymd.gov/Agencies/planning/fairhousing/hudconciliation.html

3. NTF funds may also be awarded to a project that is located in one of the following:

Be located in a rural area. For purposes of this section, a rural area includes any area eligible under the U.S. Department of Agriculture's Rural Development programs or any area in Allegany, Caroline, Dorchester, Garrett, Kent, Somerset, Washington, Wicomico, or Worcester Counties that are not otherwise Community Development Block Grant (CDBG) entitlement communities or HOME Participating Jurisdictions. Or Be located in any of the following: Certified Heritage Areas within county designated growth areas; Sustainable Communities; Empowerment Zones; Federal or Maryland Enterprise Zones; Main Street/Maple Street Maryland communities; or rural villages designated in county comprehensive plans as of July 1, 1998 and where there is evidence of other recent public investment in the plan area.

The Sustainable Communities Program is a place-based designation offering a comprehensive package of resources that support holistic strategies for community development, revitalization, and sustainability. The following link provides a list of approved Sustainable Communities:

For further information, please access HTF Plan via link below
https://dhcd.maryland.gov/HousingDevelopment/Pages/nht/default.aspx

e. Describe the grantee's required priority for funding based on the applicant's ability to obligate HTF funds and undertake eligible activities in a timely manner. If not distributing funds by selecting applications submitted by eligible recipients, enter "N/A".

Overall project readiness is reviewed based on applicant's ability to provide information required for scoring. Projects are eligible for HTF funds only if the housing will meet the applicable property standards upon completion. All HTF – assisted projects must meet all applicable State and local codes, ordinances and zoning requirements. In the absence of those codes, the housing must meet the International Residential Code or International Building Code (as applicable). All HTF - assisted projects (both new construction and rehabilitation) must meet the following requirements:

The accessibility requirements of 24 CFR part 8, Titles II and III of the Americans with Disabilities Act implemented at 28 CFR Parts 35 and 36; and 24 CFR 100-205 as applicable; and other improvements that are not required by the regulations or statute that permit use by a person with a disability;

The energy efficiency standards established pursuant to Section 109 of the Cranston-Gonzalez National Affordable Housing Act;

Where relevant, the housing must be constructed or rehabilitated to mitigate the impact of the potential disasters, in accordance with applicable State and local codes, ordinances, and requirements, or other requirements established by HUD.

The Department will review and approve written cost estimates and ensure that construction contracts and work will meet the all applicable standards; and

For further information, please access HTF Plan via link below

https://dhcd.maryland.gov/HousingDevelopment/Pages/nht/default.aspx

f. Describe the grantee's required priority for funding based on the extent to which the rental project has Federal, State, or local project-based rental assistance so that rents are affordable to extremely low-income families. If not distributing funds by selecting applications submitted by eligible recipients, enter "N/A".

Priority for funding is highly considered for projects with project-based rental subsidies for all of the HTF-assisted units in the project. Documentation from the local Public Housing Authority or other entity must be provided to show that the project-based subsidies will be in place for the term of at least five (5) years with renewal provisions. The project-based assistance may be federal, state, or locally funded. Other forms of project-based assistance will be reviewed on a case by case request. For Example: If the Department receives two equal applications, the one with documented project-based rental assistance will be given priority.

For further information, please access HTF Plan via link below
https://dhcd.maryland.gov/HousingDevelopment/Pages/nht/default.aspx

g. Describe the grantee's required priority for funding based on the financial feasibility of the project beyond the required 30-year period. If not distributing funds by selecting applications submitted by eligible recipients, enter "N/A".

HTF-assisted units must meet the affordability requirements for a period of 40 years, which begins at project completion. The affordability requirements will be imposed by a Regulatory Agreement or other similar document recorded in accordance with State recordation laws. The affordability restrictions may be terminated upon foreclosure or transfer in lieu of foreclosure. Each application must include a project pro forma to cover the 40 year HTF affordability period and include rents that are affordable to the ELI household.

For further information, please access HTF Plan via link below
https://dhcd.maryland.gov/HousingDevelopment/Pages/nht/default.aspx

h. Describe the grantee's required priority for funding based on the merits of the application in meeting the priority housing needs of the grantee (such as housing that is accessible to transit or employment centers, housing that includes green building and sustainable development features, or housing that serves special needs populations). If not distributing funds by selecting applications submitted by eligible recipients, enter "N/A".

NHT may be awarded to family projects with reasonable access to jobs, quality schools, and other economic and social benefits, as demonstrated by meeting at least one (1) of the following two (2)

criteria:

1. Be located in a "Community of Opportunity" as shown on the Maryland QAP Comprehensive Opportunity Maps posted to the Department's Web site at:
http://www.dhcd.state.md.us/GIS/multifamily/index.html

i. Describe the grantee's required priority for funding based on the extent to which the application makes use of non-federal funding sources. If not distributing funds by selecting applications submitted by eligible recipients, enter "N/A".

In the award of HTF Funds, the Department will provide a priority for projects which leverage non-Federal funding sources. For this purpose, non-Federal funding sources will include equity raised from the sale of Low Income Housing Tax Credits, as well as loans funded from the proceeds of tax-exempt bonds. The Department will evaluate the percentage of total development costs funded by non-state resources. For purposes of this section, State resources, in accordance with the chart below, include:
All equity generated from competitive LIHTC awards from the State's LIHTC ceiling except any LIHTC awarded as the result of a federally or state-designated basis boost;
Department-administered rental housing resources, including, but not limited to, RHFP, RHW, HOME, NHT, CDBG, the Community Legacy Program, Demolition Funds, and the Partnership Rental Housing Program.

Leveraged funding may include:
Equity from a federal or state basis boost;
Equity from non-competitive 4% LIHTC awards;
The proceeds of MBP financing;
Local contributions (as described below);
Locally-controlled federal resources such as HOME, CDBG, or State Small Cities CDBG;
Other non-Department State funding;
Private financing; and
Private or philanthropic funding

For further information, please access HTF Plan via link below
https://dhcd.maryland.gov/HousingDevelopment/Pages/nht/default.aspx

4. Does the grantee's application require the applicant to include a description of the eligible activities to be conducted with HTF funds? If not distributing funds by selecting applications submitted by eligible recipients, select "N/A".

Yes

5. Does the grantee's application require that each eligible recipient certify that housing units assisted with HTF funds will comply with HTF requirements? If not distributing funds by selecting applications submitted by eligible recipients, select "N/A".

Yes

6. **Performance Goals and Benchmarks.** The grantee has met the requirement to provide for performance goals and benchmarks against which the grantee will measure its progress, consistent with the grantee's goals established under 24 CFR 91.315(b)(2), by including HTF in its housing goals in the housing table on the SP-45 Goals and AP-20 Annual Goals and Objectives screens.

Yes

7. **Maximum Per-unit Development Subsidy Amount for Housing Assisted with HTF Funds.** Enter or attach the grantee's maximum per-unit development subsidy limits for housing assisted with HTF funds.

The limits must be adjusted for the number of bedrooms and the geographic location of the project. The limits must also be reasonable and based on actual costs of developing non-luxury housing in the area.

If the grantee will use existing limits developed for other federal programs such as the Low Income Housing Tax Credit (LIHTC) per unit cost limits, HOME's maximum per-unit subsidy amounts, and/or Public Housing Development Cost Limits (TDCs), it must include a description of how the HTF maximum per-unit development subsidy limits were established or a description of how existing limits developed for another program and being adopted for HTF meet the HTF requirements specified above.

Please refer to the HTF Plan on our website:
https://dhcd.maryland.gov/HousingDevelopment/Pages/nht/default.aspx

8. **Rehabilitation Standards.** The grantee must establish rehabilitation standards for all HTF-assisted housing rehabilitation activities that set forth the requirements that the housing must meet upon project completion. The grantee's description of its standards must be in sufficient detail to determine the required rehabilitation work including methods and materials. The

standards may refer to applicable codes or they may establish requirements that exceed the minimum requirements of the codes. The grantee must attach its rehabilitation standards below.

In addition, the rehabilitation standards must address each of the following: health and safety; major systems; lead-based paint; accessibility; disaster mitigation (where relevant); state and local codes, ordinances, and zoning requirements; Uniform Physical Condition Standards; Capital Needs Assessments (if applicable); and broadband infrastructure (if applicable).

DHCD requires that all housing units and building exteriors receiving rehabilitation work be brought up to the Maryland Building Performance Standard (COMAR 05.02.07) or county codes whenever more restrictive and meet minimum livability codes. All work must be performed within industry standards and be of acceptable quality. Upon completion of any project, all major systems must have a remaining useful life of a minimum of twenty (20) years; if not; replacement of components will be required. Major systems include the structural framing, roofing, cladding, and weatherproofing (e.g., windows, doors, siding, gutters), plumbing, HVAC, electrical, and elevators.

All materials used in connection with DHCD financed projects are to be new, above Builder Grade quality, and without defects.

For details on DHCD's rehabilitation standards, please refer to "Rehabilitation Standards for DHCD Multifamily Programs" via link to the document on our website.

Please refer to the HTF Plan on our website:

https://dhcd.maryland.gov/HousingDevelopment/Pages/nht/default.aspx

9. **Resale or Recapture Guidelines.** Below, the grantee must enter (or attach) a description of the guidelines that will be used for resale or recapture of HTF funds when used to assist first-time homebuyers. If the grantee will not use HTF funds to assist first-time homebuyers, enter "N/A".

Please refer to the HTF Plan on our website:

https://dhcd.maryland.gov/HousingDevelopment/Pages/nht/default.aspx

10. **HTF Affordable Homeownership Limits.** If the grantee intends to use HTF funds for homebuyer assistance and does not use the HTF affordable homeownership limits for the area provided by HUD, it must determine 95 percent of the median area purchase price and set forth

the information in accordance with §93.305. If the grantee will not use HTF funds to assist first-time homebuyers, enter "N/A".

Any limitation or preference must not violate nondiscrimination requirements in § 93.350, and the grantee must not limit or give preferences to students. The grantee may permit rental housing owners to limit tenants or give a preference in accordance with § 93.303(d)(3) only if such limitation or preference is described in the action plan.

Not applicable

12. **Refinancing of Existing Debt.** Enter or attach the grantee's refinancing guidelines below. The guidelines describe the conditions under which the grantee will refinance existing debt. The grantee's refinancing guidelines must, at minimum, demonstrate that rehabilitation is the primary eligible activity and ensure that this requirement is met by establishing a minimum level of rehabilitation per unit or a required ratio between rehabilitation and refinancing. If the grantee will not refinance existing debt, enter "N/A."

Not applicable

Discussion:

The error in IDIS persists. There is no template for section for AP 90 for HOPWA. Below is the answer to the question, "Does the action plan identify the method for selecting sponsors (including providing full access to grassroots faith based and other community organizations)"?

The Maryland Department of Health (MDH) is the Grantee of the HUD Rural HOPWA Program. MDH has historically engaged the Local County Health Departments' HIV/ AIDS programs to serve as Project Sponsors. This has allowed services to be co-located where people living with HIV receive medical care. MDH will expand HOPWA program services starting in FY 22 through a competitive procurement action targeting community-based organizations. The Request for Applications (RFA) will have broad distribution among the Department's existing network of stakeholders inclusive of faith-based, and grassroots organizations.

See HOPWA Methods of Distribution – AP 30